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BILL ANALYSIS

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House Bill 4596 (as passed by the House)
Sponsor: Representative Shanelle Jackson
House Committee: Banking and Financial Services
Senate Committee: Banking and Financial Institutions

Date Completed: 2-19-08

CONTENT

The bill would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to change the licensure or registration period to a calendar-year basis. The bill would revise the time period or date for the following:

- A licensing or registration exemption for a person who acts as a mortgage broker on 10 or fewer mortgage loans in a 12-month period.**
- The expiration of a license or registration.**
- The deadline for payment of a renewal fee before a penalty applies.**
- Exemptions from the Act for people not making or servicing more than 10 mortgage loans in a 12-month period.**

The bill would take effect on January 1, 2009, and is described in more detail below.

The Act requires a mortgage broker, mortgage lender, mortgage servicer, and a real estate broker or salesperson who acts as a mortgage broker, lender, or servicer, to register with the Commissioner of the Office of Financial Institutions and Services or obtain a license from the Commissioner, unless an exemption applies.

If a real estate broker or salesperson, in connection with real estate sales in which the broker or salesperson affiliated with the broker is engaged, acts as a mortgage broker on 10 or fewer mortgage loans in any 12-month period from July 1 to June 30 and receives compensation beyond the customary commission on real estate sales for those services, the real estate broker or salesperson is exempt from the Act's licensing or registration requirements for that 12-month period. If the broker and all real estate salespeople affiliated with the broker in aggregate brokered more than 30 mortgage loans in the same 12-month period from July 1 to June 30, that broker must register obtain a license.

The bill would refer to a 12-month period from January 1 to December 31.

Currently, a registration or license expires on June 30 each year, unless it is renewed. The Commissioner must receive the registration or application for renewal and the annual operating fee by June 15. Under the bill, a registration or license would expire on December 31, unless renewed, and the Commissioner would have to receive the registration or application and the fee by a date he or she prescribed.

Under the Act, a licensee or registrant whose license or registration renewal fee is not received by June 30 is subject to a penalty of \$25 for each day the fee is delinquent or \$1,000, whichever is less. The bill would change the deadline to December 31.

The Act does not apply to individuals or entities meeting certain criteria. These include the following:

- A person licensed under the Secondary Mortgage Loan Act, not making, brokering, or servicing mortgage loans in a 12-month period from July 1 to June 30.
- A mortgage lender that in the aggregate with any affiliates makes 10 or fewer mortgage loans in a 12-month period from July 1 to June 30.
- A mortgage servicer that in the aggregate with any affiliates services 10 or fewer mortgage loans in a 12-month period from July 1 to June 30.

The bill would refer to a 12-month period from January 1 to December 31.

MCL 445.1656 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would permit a change in the payment schedule for annual fees paid by mortgage brokers, lenders, and servicers to the Office of Financial and Insurance Services (which the bill would refer to as the Office of Financial and Insurance Regulation, consistent with Executive Order 2008-2). This would change the timing of the fee revenue; however, staff from the Department of Labor and Economic Growth indicate that there is a sufficient balance in the Consumer Finance Fee Fund to allow the change in renewal periods.

Fiscal Analyst: Elizabeth Pratt
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