



Senate Fiscal Agency  
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BILL



ANALYSIS

Telephone: (517) 373-5383  
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Senate Bill 19 (as reported without amendment)  
Sponsor: Senator Darwin L. Boohar  
Committee: Banking and Financial Institutions

(as enrolled)

Date Completed: 2-13-13

### **RATIONALE**

As part of a legislative package amending the Mortgage Brokers, Lenders, and Servicers Licensing Act, Public Act 64 of 2008 created the Mortgage Industry Advisory Board. The Board consists of seven members appointed by the Commissioner of the Office of Financial and Insurance Regulation; most are from pools of candidates recommended by industry associations. The Act requires two of the members to be appointed from a list of at least three nominees submitted by the Michigan Mortgage Brokers Association, and two from a list of at least three nominees submitted by the Michigan Mortgage Lenders Association. According to the chairperson of the Board, however, the two associations merged in 2012, and the Mortgage Brokers Association no longer exists as a separate entity. It has been suggested, therefore, that the statute should require the appointment of four members from candidates recommended by the Mortgage Lenders Association.

### **CONTENT**

**The bill would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to revise the membership of the Mortgage Industry Advisory Board.**

Currently, two members of the Board must be individuals who are employees or directors of, or have at least a 25% ownership interest in a licensee or registrant, selected by the Commissioner of the Office of Financial and Insurance Regulation from a list of at least three nominees provided by the Michigan Mortgage Brokers Association. The bill would delete that requirement.

Two members must be individuals who are employees or directors of, or have at least a 25% ownership interest in a licensee or registrant, selected by the Commissioner from a list of at least three nominees provided by the Michigan Mortgage Lenders Association. The bill instead would require four members to be individuals who are employees or directors of, or have at least a 25% ownership interest in a licensee or registrant, selected by the Commissioner from a list of at least six nominees provided by the Mortgage Lenders Association. Three of the nominees would have to employees or directors of, or have at least a 25% ownership interest in, a person who held a license or registration under the Act to provide services as a mortgage broker.

(The Board also includes one member who is an employee or director of, or has at least a 25% ownership interest in a licensee or registrant that is a member of any trade association operating in Michigan that represents mortgage brokers, lenders, or servicers; the trade associations may recommend candidates for this position. The remaining two members must be individuals who are employees or directors of, or have at least a 25% ownership interest in business entities that provide services to or purchase services from licensees or registrants.

Licensees and registrants under the Act include mortgage brokers, mortgage lenders, and mortgage servicers. Registrants also include licensed real estate brokers or salespeople who act as mortgage brokers, lenders, or servicers, under certain circumstances.)

MCL 445.1683

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The Act requires the Mortgage Industry Advisory Board to communicate to the Commissioner issues of concern to the residential mortgage industry, as well as review and make recommendations to the Commissioner on rules; procedures for maintaining confidentiality of information concerning licensees, registrants, and applicants; and other issues referred to the Board by the Commissioner. According to the Board's chairperson, since its creation in 2008, the Board has worked collaboratively with the Office of Financial and Insurance Regulation on a variety of issues, including loan officer registration, loan originator licensing, and clarification of advertising and call report requirements involving the National Mortgage Licensing System.

As required by the Act, the Board's membership consists of industry participants and service providers. These individuals can represent the interests of licensees and registrants and function as a liaison between the Office and the industry. Due to the merger of the Mortgage Brokers Association and the Mortgage Lenders Association, however, some of the statutory requirements for the appointment of Board members can no longer be fulfilled. By deleting the requirement for members nominated by the Mortgage Brokers Association, and doubling the members recommended by the Mortgage Lenders Association, the bill would enable the Commissioner to appoint members upon the expiration of terms, as well as in the case of an unexpected vacancy.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

#### **A1314\S19a**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.