

MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT (EXCERPT)
Act 173 of 1987

445.1682 Conservatorship.

Sec. 32. (1) Notwithstanding the provisions of section 19, if the commissioner determines that a licensee or registrant is, intentionally or as a result of gross or wanton negligence, not servicing mortgage loans in accordance with the terms of this act or the terms of the servicing contracts, the commissioner may appoint a conservator for the licensee or registrant and require of the conservator a bond and security as the commissioner considers proper. The commissioner may appoint as conservator 1 of the examiners of the bureau or some other competent and disinterested person. The bureau shall be reimbursed out of the assets of the conservatorship for actual expenses incurred by it in connection with the conservatorship. Amounts reimbursed shall be paid into the revolving fund provided for in subsection (4). Upon appointment under this subsection, a conservator shall become an employee of the bureau. All expenses of a conservatorship shall be paid out of the assets of the licensee or registrant, upon the approval of the commissioner. The expenses shall be a first charge upon the assets of the licensee or registrant and shall be fully paid before any final distribution or payment of dividends is made to creditors or shareholders.

(2) The conservator, under the direction of the commissioner, shall take sole control of all the affairs of the licensee or registrant and possession of the books and records of the licensee or registrant. Notwithstanding the foregoing, the licensee or registrant may cause the rights to service mortgage loans to be transferred or assigned to a person approved by the commissioner. The conservator of the licensee or registrant shall take such action as may be necessary to assure that the mortgage loans are serviced in accordance with the terms of this act and the servicing contracts.

(3) If the commissioner is satisfied that termination of the conservatorship may be done safely and is in the public interest, the commissioner may terminate the conservatorship and permit the licensee or registrant to resume the servicing of mortgage loans subject to any terms, conditions, and limitations as the commissioner may prescribe.

(4) All compensation and expenses required to be reimbursed to the financial institutions bureau in connection with a conservatorship and all expenses for state supervision of conservatorships under this act shall be deposited in the state treasury and shall be directed to a bureau revolving fund. Money in the fund and any interest earned shall only be disbursed on proper vouchers, approved by the commissioner, to reimburse the bureau for expenses incurred by the bureau in connection with conservators of licensees or registrants.

History: 1987, Act 173, Imd. Eff. Nov. 18, 1987.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibility of the financial institutions bureau and the commissioner of the financial institutions bureau to the commissioner of the office of financial and insurance services and the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.