

CONSUMER FINANCIAL SERVICES ACT (EXCERPT)
Act 161 of 1988

487.2055 License fee; investigation fee; financial statements; net worth requirements.

Sec. 5.

(1) An application for a license shall be accompanied by all of the following:

(a) An annual operating fee as established by the commissioner under section 11.

(b) An application fee as provided in section 11. The application fee is not refundable.

(c) Financial statements, reasonably satisfactory to the commissioner, showing that the applicant's net worth exceeds \$100,000.00 for an applicant for a class I license; \$50,000.00 for an applicant for a class II license; \$1,000,000.00 for an applicant that intends to engage in business activity governed by 1984 PA 379, MCL 493.101 to 493.114; or \$100,000.00 plus an additional \$25,000.00 for each location or authorized delegate, as applicable, or \$1,000,000.00, whichever is less, for an applicant that intends to provide money transmission services as defined in section 2 of the money transmission services act. A licensee shall have and continue to maintain the required net worth while engaging in the business activities authorized for licensing under this act. The commissioner may by order establish a higher net worth requirement for new class I licensees to assure safe and sound operation of the activities.

(2) Net worth under subsection (1)(c) shall be determined at the conclusion of the fiscal year of the licensee immediately preceding the date an application for a license is submitted to the commissioner or, for corporations not in existence as of the previous year end, the immediately preceding month end. Net worth shall be disclosed on a form prescribed by the commissioner or on a form prepared or reviewed by a certified public accountant and shall be computed in accordance with generally accepted accounting principles. The following assets shall be excluded in the computation of net worth:

(a) That portion of an applicant's assets pledged to secure obligations of any person other than the applicant.

(b) Receivables from officers or, in the case of a corporate applicant other than a publicly traded company, stockholders of the applicant or persons in which the applicant's officers or stockholders have an interest, except that construction loan receivables secured by mortgages from related companies are not so excluded.

(c) An amount in excess of the lower of the cost or market value of mortgage loans in foreclosure or real property acquired through foreclosure.

(d) An investment shown on the balance sheet in joint ventures, subsidiaries, or affiliates that is greater than the market value of the investment.

(e) Goodwill or value placed on insurance renewals or property management contract renewals or other similar intangible value.

(f) Organization costs.

History: 1988, Act 161, Eff. Sept. 1, 1988 ;-- Am. 1992, Act 76, Imd. Eff. June 2, 1992 ;-- Am. 1999, Act 275, Imd. Eff. Jan. 5, 2000 ;-- Am. 2006, Act 252, Imd. Eff. July 3, 2006

Compiler's Notes: 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.