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SFA BILL ANALYSIS

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Senate Bill 413 (as introduced 4-16-97)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

Date Completed: 5-7-97

CONTENT

The bill would amend the secondary mortgage loan Act to do all of the following:

- -- Remove the $3,000 minimum on the amount of a secondary mortgage loan and specify that a secondary mortgage loan could be secured by other collateral in addition to real estate.
- -- Prohibit a person from acting as a "broker", "lender", or "servicer" without first obtaining a license or registration from the Financial Institutions Bureau (FIB).
- -- Require an applicant for licensure or registration under the Act to provide proof of financial responsibility.
- -- Require applicants for licensure or registration to pay an investigation fee and require licensees and registrants to pay an annual operating fee.
- -- Require the FIB Commissioner to exercise regulatory supervision over brokers, lenders, and servicers.
- -- Establish a procedure for complaints to be lodged with the FIB against a licensee or registrant.
- -- Revise procedures for suspending or revoking a license and allow the FIB Commissioner to issue an order summarily suspending a license or registration.
- -- Provide for the surrender of a license or registration.
- -- Provide for the appointment of a conservator for a licensee or registrant under certain circumstances.
- -- Allow the FIB Commissioner to issue a cease and desist order under certain circumstances.
- -- Revise requirements regarding records maintenance.
- -- Revise provisions pertaining to allowable interest rates, charges, and fees.
- -- Revise the Act's list of actions a licensee is prohibited from taking.
- -- Repeal a section of the Act that authorizes the FIB Commissioner to promulgate certain rules.
- -- Make other provisions relative to the sale of tangible goods; the transfer of a license or registration; the FIB Commissioner's subpoena power; loan security; penalties; and the scope of the Act.

MCL 493.51 et al. Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would change the current fee structure in place for secondary mortgage companies by providing for only one license to be issued, basing the amount of the license fee on the volume of business for the entire company from the previous year. Under the current structure, a fee is assessed for each license location of a secondary mortgage company. According to the Department of Consumer and Industry Service, this bill would have no fiscal impact on the State because the new fee structure would generate the same amount of revenue as the current fee structure generates.

Fiscal Analyst: M. Tyszkiewicz

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