

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5783 (Substitute H-4 as reported without amendment)

Sponsor: Representative William Byl

House Committee: Urban Policy and Economic Development

Senate Committee: Financial Services

CONTENT

The bill would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to provide exemptions from requirements of certain nonprofit mortgage lenders. The bill is tie-barred to House Bill 5784.

The bill would allow the Commissioner of the Financial Institutions Bureau to exempt from the requirements of the Act a person the Commissioner believed merited the confidence of the community and demonstrated that it met all of the following criteria:

- The person was exempt from Federal income taxes under Section 501(c) of the Internal Revenue Code.
- The person administered a mortgage loan program funded or sponsored by one or more depository financial institutions, State or Federal governmental entities, or charitable, religious, or other nonprofit organizations.
- The mortgage loan program was targeted exclusively to persons who would not otherwise have access to affordable mortgage loans from traditional mortgage lending sources.
- Its housing development efforts had the support of the agency of its local governmental jurisdiction responsible for community development.
- The mortgage lending activity was limited to a defined geographic area in Michigan, not larger than a county in the case of a metropolitan statistical area.
- The person had the capacity to accomplish its business plan.
- It did not directly or indirectly share fees with another person.
- The person would comply with State and Federal law and with the spirit and intent of Section 22a of the Act regarding advertising restrictions.
- It did not service mortgage loans (unless the Commissioner determined that the exemption was in the public interest.)

MCL 445.1675 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would exempt nonprofit organizations that serve as a neighborhood housing service organization from the licensing and registration requirements for providing first and secondary mortgage services. These organizations, due to the volume restrictions, have not been required to pay these licensing and registration fees. Therefore, this exemption would allow these institutions to increase the number of mortgages offered, but would have no fiscal impact on State government.

Date Completed: 9-21-98

Fiscal Analyst: M. Tyszkiewicz