

HOUSE BILL No. 5784

April 28, 1998, Introduced by Rep. Byl and referred to the Committee on Commerce.

A bill to amend 1981 PA 125, entitled
"The secondary mortgage loan act,"
by amending section 2 (MCL 493.52), as amended by 1997 PA 91.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) Except for a person licensed under the consumer
2 financial services act, 1988 PA 161, MCL 487.2051 to 487.2072, a
3 depository financial institution, A NONPROFIT CORPORATION DEFINED
4 IN SUBSECTION (9), or an exclusive broker, a person shall not act
5 as a broker, lender, or servicer without first obtaining a
6 license or registration as provided by this act.

7 (2) A person is acting as a broker if the person acts as a
8 broker in connection with 1 or more secondary mortgage loans.

9 (3) A person is acting as a lender if the person makes or
10 negotiates more than 2 secondary mortgage loans in a calendar
11 year.

1 (4) A person is acting as a servicer if the person services
2 more than 10 secondary mortgage loans in a calendar year.

3 (5) Within 90 days after the effective date of the amenda-
4 tory act that added this subsection, a servicer that was exempt
5 from regulation under this act shall either file with the commis-
6 sioner an application for a license or registration under
7 section 3 or discontinue all activities subject to this act.

8 (6) A natural person who is an employee of only 1 licensee
9 or registrant is not required to obtain a license or be regis-
10 tered under this act.

11 (7) Except for a state or nationally chartered bank, savings
12 bank, or an affiliate of a bank or savings bank, a person subject
13 to this act shall not include in its name or assumed name the
14 words "bank", "banker", "banc", "bankcorp", "bancorp", or any
15 other words or phrases that would imply that the person is a
16 bank, is engaged in the business of banking, or is affiliated
17 with a bank or savings bank. It is not a violation of this sub-
18 section for a licensee to use the term "mortgage banker" or
19 "mortgage banking" in its name or assumed name.

20 (8) A person subject to this act whose name or assumed name
21 on January 1, 1997 contained a word prohibited by subsection (7)
22 may continue to use that name or assumed name.

23 (9) THIS ACT DOES NOT APPLY TO A NONPROFIT CORPORATION CER-
24 TIFIED TO MAKE MORTGAGE LOANS BY THE STATE HOUSING DEVELOPMENT
25 AUTHORITY CREATED BY THE STATE HOUSING DEVELOPMENT AUTHORITY ACT
26 OF 1966, 1966 PA 346, MCL 125.1401 TO 125.1499C. THE AUTHORITY

- 1 SHALL ESTABLISH THE TERMS AND CONDITIONS UNDER WHICH THE
- 2 NONPROFIT CORPORATION SHALL CONDUCT ITS MORTGAGE BUSINESS.