

SENATE BILL 471

A bill to amend 1987 PA 173, entitled
"Mortgage brokers, lenders, and servicers licensing act,"
by amending section 2 (MCL 445.1652), as amended by 1996 PA 210.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) A person shall not act as a mortgage broker,
2 mortgage lender, or mortgage servicer without first obtaining a
3 license or registering under this act, unless 1 or more of the
4 following apply:

5 (a) The person is solely performing services as an employee
6 of only 1 mortgage broker, mortgage lender, or mortgage
7 servicer.

8 (b) The person is exempted from the act under section 25.

9 (c) The person is licensed as a class I licensee under the
10 consumer financial services act, ~~Act No. 161 of the Public Acts~~

1 of 1988, being sections 487.2051 to 487.2072 of the Michigan
2 Compiled Laws 1988 PA 161, MCL 487.2051 TO 487.2072.

3 (2) ~~No later than 90 days after the effective date of the~~
4 ~~amendatory act that added this subsection, a~~ A person that is
5 licensed to make regulatory loans under the regulatory loan act
6 of 1963, ~~Act No. 21 of the Public Acts of 1939, being sections~~
7 ~~493.1 to 493.26 of the Michigan Compiled Laws~~ 1939 PA 21,
8 MCL 493.1 TO 493.25, or is licensed to make secondary mortgage
9 loans under ~~Act No. 125 of the Public Acts of 1981, being sec-~~
10 ~~tions 493.51 to 493.81 of the Michigan Compiled Laws~~ THE SECOND-
11 ARY MORTGAGE LOAN ACT, 1981 PA 125, MCL 493.51 TO 493.81, and is
12 registered with the commissioner shall file with the commissioner
13 an application for a license under section 3(1) or shall discon-
14 tinue all activities ~~which~~ THAT are subject to this act.

15 (3) UNLESS A RESIDENTIAL MORTGAGE ORIGINATOR IS OTHERWISE
16 LICENSED OR REGISTERED UNDER THIS ACT, A RESIDENTIAL MORTGAGE
17 ORIGINATOR SHALL NOT RECEIVE DIRECTLY OR INDIRECTLY ANY COMPENSA-
18 TION, COMMISSION, FEE, POINTS, OR OTHER REMUNERATION OR BENEFITS
19 FROM A MORTGAGE BROKER, MORTGAGE LENDER, OR MORTGAGE SERVICER
20 OTHER THAN THE EMPLOYER OF THE RESIDENTIAL MORTGAGE ORIGINATOR.

21 (4) UNLESS A RESIDENTIAL MORTGAGE ORIGINATOR IS OTHERWISE
22 LICENSED OR REGISTERED UNDER THIS ACT, A MORTGAGE BROKER, MORT-
23 GAGE LENDER, OR MORTGAGE SERVICER SHALL NOT PAY DIRECTLY OR INDI-
24 RECTLY ANY COMPENSATION, COMMISSION, FEE, POINTS, OR OTHER REMU-
25 NERATION OR BENEFITS TO A RESIDENTIAL MORTGAGE ORIGINATOR OTHER
26 THAN AN EMPLOYEE OF THE MORTGAGE BROKER, MORTGAGE LENDER, OR
27 MORTGAGE SERVICER. AS USED IN THIS SUBSECTION AND SUBSECTION

1 (3), "RESIDENTIAL MORTGAGE ORIGINATOR" MEANS A PERSON WHO ASSISTS
2 ANOTHER PERSON IN OBTAINING A MORTGAGE LOAN.

3 (5) ~~-(3) No later than 90 days after the effective date of~~
4 ~~the amendatory act that added this subsection, a~~ A mortgage
5 broker, mortgage lender, or mortgage servicer that was exempt
6 from regulation under this act and is a subsidiary or affiliate
7 of a depository financial institution or ~~a subsidiary or affili-~~
8 ~~ate of~~ a depository financial institution holding company ~~—~~
9 ~~which depository financial institution~~ THAT does not maintain a
10 main office or branch office in this state, shall register under
11 section 6 or shall discontinue all activities ~~which are~~ subject
12 to this act.

13 (6) ~~-(4)~~ Except for a state or nationally chartered bank,
14 savings bank, or an affiliate of a bank or savings bank, the
15 person subject to this act shall not include in its name or
16 assumed name, the words "bank", "banker", "banking", "banc",
17 "bankcorp", "bancorp", or any other words or phrases that would
18 imply that the person is a bank, is engaged in the business of
19 banking, or is affiliated with a bank or savings bank. It is not
20 a violation of this subsection for a licensee or registrant to
21 use the term "mortgage banker" or "mortgage banking" in its name
22 or assumed name. A person subject to this act whose name or
23 assumed name on January 1, 1995 contained a word prohibited by
24 this section may continue to use the name or assumed name.