

SENATE BILL No. 823

November 7, 2001, Introduced by Senator PETERS and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1987 PA 173, entitled "Mortgage brokers, lenders, and servicers licensing act," by amending section 34 (MCL 445.1684), as added by 1996 PA 210.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 34. (1) The commissioner shall prioritize and pay
2 claims against a proof of financial responsibility filed with the
3 commissioner under section 4 in a manner that, in his or her dis-
4 cretion, best protects the public interest.

5 (2) Claims may only be filed against a licensee's proof of
6 financial responsibility as provided under this section by the
7 licensee's borrowers, mortgage loan applicants, loan servicing
8 customers, INDIVIDUALS WHO PROVIDED SERVICES TO THE LICENSEE,
9 INCLUDING, BUT NOT LIMITED TO, APPRAISAL COMPANIES, and the
10 commissioner.

1 (3) Claims filed against a proof of financial responsibility
2 by a borrower or loan applicant shall involve only mortgage loans
3 or mortgage applications secured or to be secured by residential
4 real property located in this state. The amount of the claim
5 shall not exceed actual fees in connection with a loan applica-
6 tion, overcharges of principal and interest, and excess escrow
7 collections charged by the licensee and paid by the claimant to
8 the licensee.

9 (4) The commissioner may file a claim against a proof of
10 financial responsibility for payment of fines or fees due and
11 payable to the commissioner or the ~~bureau~~ OFFICE OF FINANCIAL
12 AND INSURANCE SERVICES and reimbursement of expenses incurred in
13 investigating the licensee and expenses incurred in distributing
14 proceeds of the proof of financial responsibility. A claim filed
15 under this subsection shall be paid in full prior to payment of
16 other claims against a proof of financial responsibility, unless
17 the commissioner, in his or her discretion, waives in whole or in
18 part the right to priority of payment.

19 (5) In the event that valid claims exceed the amount of the
20 proof of financial responsibility, each claimant shall be enti-
21 tled only to a pro rata amount of his or her valid claim.