



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



BILL ANALYSIS

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

Senate Bill 356 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Randy Richardville
Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to make it a misdemeanor for a person willfully or intentionally to coerce or induce a real estate appraiser to inflate the value of real property used as collateral for a mortgage loan, including by doing either of the following:

- Representing or implying that a real estate appraiser would not be selected to conduct an appraisal of the real property or selected for future appraisal work unless the appraiser agreed in advance to a value, range of values, or minimum value for the real property.
- Representing or implying that a real estate appraiser would not be paid for an appraisal unless the appraiser agreed in advance to a value, range of values, or minimum value for the real property.

A violation would be punishable by a maximum fine of \$15,000 or imprisonment for up to one year, or both. This penalty also would apply to a person who willfully or intentionally violated existing provisions of the Act by engaging in the business of a mortgage broker, lender, or servicer without a license or registration; or by transferring or assigning a mortgage loan or a security in violation of the Act. The current criminal penalty is a maximum fine of \$5,000 and/or imprisonment for up to three years.

Currently, the Commissioner of the Office of Financial and Insurance Services may assess a maximum civil fine of \$1,000 for each violation or \$10,000 for a transaction resulting in more than one violation, plus the costs of investigation, against a licensee or registrant who violates the Act. The bill would increase those amounts to \$3,000 and \$30,000, and would extend this and other civil sanctions to someone who aided or abetted a violator.

The bill is tie-barred to Senate Bills 342 and 343.

MCL 445.1679

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. There are no data to indicate how many offenders would be convicted of the proposed offenses. Local governments would incur the costs of misdemeanor probation and incarceration in local facilities, which vary by county. To the extent that the bill decreased prison sentences, the State would incur decreased costs of incarceration in State facilities, at an average annual saving of \$31,000. Additional penal fine revenue would benefit public libraries.

Date Completed: 5-1-07

Fiscal Analyst: Lindsay Hollander
Elizabeth Pratt/ Maria Tyszkiewicz

floor\sb356

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.