

SENATE BILL No. 380

March 12, 2009, Introduced by Senators VAN WOERKOM, RICHARDVILLE, HARDIMAN and OLSHOVE 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 1a (MCL 445.1651a), as amended by 2008 PA 66.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1a. As used in this act:

2 (a) "Affiliate" means a person or group of persons that
3 directly or indirectly through 1 or more intermediaries controls,
4 is controlled by, or is under common control with another person
5 and engaged in a business or transaction regulated by this act.

6 (b) "Board" means the mortgage industry advisory board created
7 in section 33.

8 (c) "Commissioner" means the commissioner of the office of

1 financial and insurance services of the department of labor and
2 economic growth or his or her authorized agent.

3 (d) "Construction loan" means a mortgage loan to construct a
4 1-to-4 family dwelling, that is approved and closed before
5 completion of the construction of the improvement on the real
6 property.

7 (e) "Control person" means a director or executive officer of
8 a licensee or registrant or a person who has the authority to
9 participate in the direction, directly or indirectly through 1 or
10 more other persons, of the management or policies of a licensee or
11 registrant.

12 (f) "Depository financial institution" means a state or
13 nationally chartered bank, a state or federally chartered savings
14 and loan association, savings bank, or credit union, or an entity
15 of the federally chartered farm credit system.

16 (g) "Executive officer" means an officer, member, or partner
17 of a licensee or registrant. The term includes the chief executive
18 officer, president, vice president, chief financial officer,
19 controller, or compliance officer or an individual holding any
20 other similar position.

21 (h) "Financial licensing act" means the consumer financial
22 services act, 1988 PA 161, MCL 487.2051 to 487.2072, and any of the
23 acts listed in section 2 of the consumer financial services act,
24 1988 PA 161, MCL 487.2052.

25 (i) "Firm commitment" means an underwriting in which a broker-
26 dealer commits to buy the mortgage loan or the entire issue of
27 securities based upon or backed by 1 or more mortgage loans and

1 assumes all financial responsibility for any unsold securities.

2 (j) "Individual investor" means a person that resides in this
3 state or has its principal place of business in this state. The
4 term does not include a bank, savings bank, savings and loan
5 association, credit union, trust company, insurance company,
6 investment company as defined in the investment company act of
7 1940, 15 USC 80a-1 to 80a-64, pension or profit sharing plan if the
8 assets of the plan are managed by a bank or trust company or other
9 institutional manager, financial institution, institutional
10 manager, broker-dealer that is a member of the New York stock
11 exchange or registered under the uniform securities act, 1964 PA
12 265, MCL 451.501 to 451.818, **OR THE UNIFORM SECURITIES ACT (2002),**
13 **2008 PA 551, MCL 451.2101 TO 451.2703,** the federal national
14 mortgage association, the government national mortgage association,
15 the federal home loan mortgage corporation, or a mortgage lender or
16 mortgage servicer.

17 (k) "License" means a license issued under this act.

18 (l) "Licensee" means a person licensed or required to be
19 licensed under this act. **AS USED IN SECTIONS 2A, 2B, AND 2C, THE**
20 **TERM ALSO INCLUDES A LICENSEE UNDER THE CONSUMER FINANCIAL SERVICES**
21 **ACT, 1988 PA 161, MCL 487.2051 TO 487.2072.**

22 (m) "Loan officer" means an individual who is an employee or
23 agent of a mortgage broker, mortgage lender, or mortgage servicer;
24 who originates mortgage loans; and who is not an employee ~~or agent~~
25 of a depository financial institution or a subsidiary or affiliate
26 of a depository financial institution.

27 (n) "Loan officer registrant" means an individual who is

1 currently registered under section 2a.

2 (o) "Mortgage broker" means a person who, directly or
3 indirectly, does 1 or both of the following:

4 (i) Serves or offers to serve as an agent for a person in an
5 attempt to obtain a mortgage loan.

6 (ii) Serves or offers to serve as an agent for a person who
7 makes or offers to make mortgage loans.

8 (p) "Mortgage lender" means a person who, directly or
9 indirectly, makes or offers to make mortgage loans.

10 (q) "Mortgage loan" means a loan secured by a first mortgage
11 on real property located in this state and used, or improved for
12 use, as a dwelling and designed for occupancy by 4 or fewer
13 families or a land contract covering real property located in this
14 state used, or improved for use, as a dwelling and designed for
15 occupancy by 4 or fewer families. A mortgage loan does not include
16 a home improvement installment contract under the home improvement
17 finance act, 1965 PA 332, MCL 445.1101 to 445.1431.

18 (r) "Mortgage servicer" means a person who, directly or
19 indirectly, services or offers to service mortgage loans.

20 (s) "Originate" means any of the following:

21 (i) To negotiate, arrange, or offer to negotiate or arrange a
22 mortgage loan between a mortgage lender and 1 or more individuals.

23 (ii) To place, assist in placing, or find a mortgage loan for 1
24 or more individuals.

25 (t) "Person" means an individual, corporation, limited
26 liability company, partnership, association, governmental entity,
27 or any other legal entity.

1 (u) "Real estate broker" means a broker or associate broker
2 licensed under article 25 of the occupational code, 1980 PA 299,
3 MCL 339.2501 to 339.2518.

4 (v) "Real estate salesperson" means a salesperson licensed
5 under article 25 of the occupational code, 1980 PA 299, MCL
6 339.2501 to 339.2518.

7 (w) "Register" means filing a notice with the commissioner on
8 a form prescribed by the commissioner that notifies the
9 commissioner of the intent to engage in the activities of a
10 mortgage broker, mortgage lender, mortgage servicer, or loan
11 officer in this state and the payment of any fees required under
12 this act, along with the other documents, proofs, and fees required
13 by the commissioner.

14 (x) "Registrant" means a person that is registered under
15 section 6 or required to register under section 6. The term does
16 not include a loan officer registrant.

17 (y) "Service" means the collection or remittance, or the right
18 or obligation to collect or remit, for a lender, noteowner,
19 noteholder, mortgage servicer, or the licensee's or registrant's
20 own account of 4 or more installment payments of the principal,
21 interest, or an amount placed in escrow under a mortgage loan,
22 mortgage servicing agreement, or an agreement with the mortgagor.

23 Enacting section 1. This amendatory act does not take effect
24 unless all of the following bills of the 95th Legislature are
25 enacted into law:

26 (a) Senate Bill No. 379.

27

1 (b) Senate Bill No. 381.

2