



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



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

Senate Bill 908 (as introduced 1-25-12)
Sponsor: Senator Darwin L. Booher
Committee: Banking and Financial Institutions

Date Completed: 2-7-12

CONTENT

The bill would amend the Mortgage Loan Originator Licensing Act to delete a provision under which a person was not required to be licensed before July 31, 2011, if he or she was authorized to perform loan modification activities but not to originate new residential mortgages, and other criteria were met.

Subject to certain exceptions, the Act requires a person to be licensed in order to originate a residential mortgage loan (e.g., take a loan application or negotiate a loan) for compensation. To obtain a license, an applicant must meet prelicensing education requirements, pass a test, demonstrate financial responsibility, pay a fee, and post a surety bond with the Office of Financial and Insurance Regulation. The Act took effect in July 2009 and the licensure requirement took effect on July 31, 2010.

An individual engaged in the business of a mortgage loan originator was not required to be licensed until July 31, 2011, however, if he or she was employed exclusively by a mortgage servicer; if he or she was authorized to perform loan modification activities concerning existing residential mortgage loans, and not to originate new mortgage loans or perform any other activities of a mortgage loan originator, on behalf of that servicer; and if this extension of time was not inconsistent with a Federal guideline, rule, regulation, or interpretative letter.

The bill would delete this provision as well as the definition of "loan modification activities". That term means any of the following:

- Collecting or receiving payments on existing residential mortgage loans due and owing to a mortgagor or mortgage servicer, when the borrower is in default or in reasonably foreseeable likelihood of default.
- Working with a such a borrower to collect data concerning his or her residential mortgage loan or loans.
- Making any decisions necessary to modify certain terms of the residential mortgage loan or loans of a borrower or otherwise finalize collection through the foreclosure process.

MCL 493.133 & 493.135

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

S1112\sb908sa.

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.