

MORTGAGE LOAN ORIGINATOR LICENSURE GRACE PERIOD

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House Bill 5084 as introduced
Sponsor: Rep. Diana Farrington
Committee: Financial Services
Complete to 10-16-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5084 would amend the Mortgage Loan Originator Licensing Act to allow a grace period of temporary authority to act as a mortgage loan originator, without first obtaining a license, for certain registered mortgage loan originators who have changed their employment and certain mortgage loan originators who are licensed in another state.

Under the bill, a registered mortgage loan originator who becomes employed by an entity not covered under the act's definition of "registered loan originator" would have temporary authority to act as a mortgage loan originator without obtaining a license (for the time period described below) if all of the following apply:

- He or she has not had an application for a mortgage loan originator license denied, revoked, or suspended in this or another state.
- He or she has not been subject to, or served with, a cease and desist order in this or another state or under 12 USC 5113.
- He or she has not been convicted of a misdemeanor or felony that would preclude licensure under the act.
- He or she has submitted an application for licensure under the act.
- He or she was registered in the nationwide mortgage licensing system and registry as a mortgage loan originator during the one-year period preceding the date the applicant submitted certain identity and personal history information under section 7(4) of the act in conjunction with the application for licensure.

The bill would also allow an individual who is a mortgage loan originator licensed in another state to have temporary authority to act as a mortgage loan originator in this state without obtaining a license (for the time period described below) if all of the following apply:

- He or she has not had an application for a mortgage loan originator license denied, revoked, or suspended in this or another state.
- He or she has not been subject to, or served with, a cease and desist order in this or another state or under 12 USC 5113.
- He or she has not been convicted of a misdemeanor or felony that would preclude licensure under the act.
- He or she has submitted an application for licensure under the act.

- He or she is employed by an entity that is a licensee or registrant under the Mortgage Brokers, Lenders, and Servicers Licensing Act; the Secondary Mortgage Loan Act; or the Consumer Financial Services Act
- He or she was licensed in another state during the 30-day period immediately preceding the date he or she submitted the personal history information under section 7(4).

The temporary authority described above, in both cases, would begin on the date the individual submitted the personal history information under section 7(4) and end on the earliest of the following dates:

- The date the individual withdraws the submitted application.
- The date the director denies, or issues a notice of intent to deny, the application.
- The date the director approves the application.
- 120 days after the date he or she submitted the application, if the application is listed on the nationwide mortgage licensing system and registry as incomplete.

MCL 493.133 and 493.135 and proposed MCL 493.135a and 493.135b

FISCAL IMPACT:

House Bill 5084 would likely not have a significant fiscal impact on the Department of Insurance and Financial Services. The department may experience minor administrative costs under the bill, but these would likely be nominal.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.