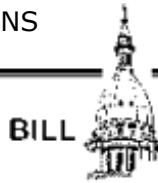




Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

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

Senate Bill 432 (as reported without amendment)
Sponsor: Senator Randy Richardville
Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Code of Criminal Procedure to delete from the sentencing guidelines general violations of the Mortgage Brokers, Lenders, and Servicers Licensing Act and a licensing violation of the Secondary Mortgage Loan Act. Those offenses are listed as Class H crimes against the public trust, with a statutory maximum penalty of three years' imprisonment.

Under the Mortgage Brokers, Lenders, and Servicers Licensing Act, a person who willfully or intentionally does any of the following is guilty of a misdemeanor punishable by a maximum fine of \$5,000, or imprisonment for up to three years, or both:

- Engages in the business of a mortgage broker, mortgage lender, or mortgage servicer without a license or registration required under the Act.
- Transfers or assigns a mortgage loan or a security directly representing an interest in one or more mortgage loans before the disbursement of 75% or more of the proceeds of the mortgage loan to, or for the benefit of, the borrower, subject to various exceptions.
- Transfers or assigns a mortgage loan or a security representing an interest in one or more mortgage loans to an individual investor unless the transfer or assignment is made under certain circumstances described in the Act.

The Secondary Mortgage Loan Act makes it a misdemeanor, punishable by a maximum fine of \$5,000 and/or imprisonment for up to three years, for a person willfully or intentionally to engage in the business of making secondary mortgage loans without a license.

The bill is tie-barred to Senate Bills 343 and 356. Senate Bill 343 (S-1) would amend the Secondary Mortgage Loan Act, and Senate Bill 356 (S-1) would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act, to prohibit a person from willfully or intentionally coercing or inducing a real estate appraiser to inflate the value of real property used as collateral for a secondary mortgage loan or a mortgage loan, as applicable. Under both bills, a violation of the prohibition would be a misdemeanor.

MCL 777.14h & 777.14p

Legislative Analyst: Craig Laurie

FISCAL IMPACT

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

Date Completed: 4-25-07

Fiscal Analyst: Lindsay Hollander