

MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT (EXCERPT)
Act 173 of 1987

445.1654 Proof of financial responsibility.

Sec. 4.

(1) Except as otherwise provided in this section, at the time of filing an application for a license or renewal of a license, the applicant shall do all of the following:

(a) Provide proof of financial responsibility in the following amounts:

(i) \$25,000.00 for an applicant who acts as a mortgage broker and who receives funds from a prospective borrower before the closing of the mortgage loan or who acts as a mortgage lender.

(ii) \$125,000.00 for an applicant who acts as a mortgage servicer.

(b) Provide proof of financial responsibility by 1 of the following:

(i) A corporate surety bond payable to the commissioner, executed by a corporate surety approved by the commissioner, which expires no earlier than the date the license shall expire.

(ii) An irrevocable letter of credit upon which the applicant is the obligor, which expires no earlier than the date the license shall expire, issued by a bank, savings bank, savings and loan association, or credit union the deposits of which are insured by an agency of the federal government, and the terms of which letter of credit are approved by the commissioner.

(2) The bond or letter of credit deposited under subsection (1) shall be conditioned upon the conduct of the business in accordance with the provisions of this act and all rules promulgated by the commissioner, and the payment of all money that becomes due.

(3) In place of depositing a bond or letter of credit, an applicant may pay a nonrefundable administrative fee established by the commissioner not to exceed \$100.00 and furnish 1 of the following as proof of financial responsibility:

(a) Deposit with the state treasurer, under terms prescribed by the commissioner, obligations of the United States, or obligations which are guaranteed fully as to principal and interest by the United States, or any general obligations of any state or any political subdivision of the United States, with a maturity date of 3 years or less, in an amount equal to, or greater than, the amount of the required bond. Interest earned under obligations shall accrue to the account of the applicant.

(b) Deposit with the state treasurer, under terms prescribed by the commissioner, a certificate of deposit of a federally insured financial institution with a maturity date of 3 years or less for an amount payable which is equal to, or greater than, the amount of the required bond and which is not available for withdrawal except by direct order of the commissioner. Interest earned under the certificate shall accrue to the account of the applicant.

(4) Upon application as prescribed by the commissioner, the commissioner may reduce, waive, or modify the requirements under this section for a mortgage servicer who services not more than 300 mortgage loans and who does not collect money for the purpose of paying taxes or insurance pursuant to the mortgage loan.

(5) The commissioner shall waive the requirements of this section and section 5 upon application by a mortgage servicer who is a licensed real estate broker or real estate salesperson, services more than 75 land contracts, has a satisfactory record of compliance with applicable state and federal law, and does not engage in any other activity regulated by this act.

History: 1987, Act 173, Imd. Eff. Nov. 18, 1987 ;-- Am. 1988, Act 451, Imd. Eff. Dec. 27, 1988 ;-- Am. 1996, Act 210, Imd. Eff. May 22, 1996

Compiler's Notes: For transfer of authority, powers, duties, functions, and responsibility of the financial institutions bureau and the commissioner of the financial institutions bureau to the commissioner of the office of financial and insurance services and the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.