

## **Michigan Department of Insurance and Financial Services (MI-DIFS) Pre-licensure Education (PE) Notice**

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### **Purpose**

The purpose of this notice is to inform NMLS approved course providers of the required topics to be covered in the 2-hour state specific pre-licensure education (PE) requirement which must be met as a condition for obtaining a mortgage loan originator (MLO) license with the Michigan Department of Insurance and Financial Services.

### **MI-DIFS PE requirements are as follows:**

- 3 hours of Federal law;
- 3 hours of Ethics;
- 2 hours of non-traditional mortgage lending;
- 10 hours of general electives;
- 2 hours of Michigan state-specific defined electives

### **Total PE: 20 Hours**

### **Required Learning Objectives:**

- Know that a license will not be issued if Applicant is convicted of a felony within a 10-year period preceding the date of application. MCL 493.139, section 9(1)(c)(i) of the Mortgage Loan Originator Licensing Act (MLOLA).
- Understand the license renewal requirements and the penalty for late renewal. Know that the license renews annually on 12/31 (MCL 493.145, section 15 of MLOLA), and the late penalty is \$25/day (\$1,000 maximum fee) if received after December 31 (MCL 493.149, section 19 of MLOLA).

### **MI-DIFS has established the following required topics list for the 2 hours of state-specific PE:**

MLOLA, 2009 PA 75, MCL 493.131 *et seq.* to include:

- 493.135 Engaging in business of mortgage loan originator; license required; exemptions; independent contractor loan processor or underwriter; establishment of licensing rules and interim procedures.
- 493.139 Issuance of mortgage loan originator license; findings; conviction.
  - Sec. 9. (1) (c) and (d)
- 493.145 Annual renewal; expiration; reinstatement.
- 493.147 Continuing education requirements.
- 493.149 Fees; reports; penalties; deposit of money in MBLSLA fund; limitation on fee levels.
  - Sec. 19. (3) and (6)
- 493.155 Powers of commissioner; finding of violation or noncompliance; fine.
- 493.159 Surety bond.

- 493.163 Investigations and examinations; access to books and records; reports; control of access to documents or records; duties and authority of commissioner; prohibited conduct by licensed mortgage loan originator or person subject to investigation.
- 493.165 Licensed mortgage loan originator; prohibited conduct.

Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173 to include:

- 445.1652 Mortgage broker, mortgage lender, or mortgage servicer; license or registration required; exemption; application; compensation or other remuneration; words contained in name or assumed name; "employee" defined.
- 445.1653 License or renewal; application; form; investigation; determination; issuance; indemnification.
- 445.1654 Proof of financial responsibility. Electronic bond required through NMLS.
- 445.1655 Minimum net worth.
- 445.1656 Registration required; applicability of certain provisions; licensing or registration of real estate broker or salesperson; improper use of business name.
- 445.1657 Expiration of registration or license; renewal; application; fee; limitation; financial statement.
- 445.1661 Powers of commissioner generally.
- 445.1668a Fraud; prohibition; notice; hearing; order.
- 445.1671 Books, accounts, records, and documents; preservation and examination; reports; false statement as felony; penalty.
- 445.1672 Violations generally.
- 445.1672a Mortgage loans; prohibited advertising.
- 445.1679 Prohibited conduct; misdemeanor; penalty; violation of act or rules; civil fine; suspension or revocation of license or registration; refusal to issue or renew license or registration; restitution; proceedings subject to MCL 24.201 to 24.328; bona fide error.

Secondary Mortgage Loan Act, 1981 PA 125 to include:

- 493.52 Broker, lender, or servicer; license or registration required; exemption; use of name or assumed name.
- 493.56 License or registration; filing application or renewal; bond or letter of credit; claims filed against proof of financial responsibility; maintenance of net worth; determination; assets excluded from computation.
- 493.56a Registration or license; expiration; renewal; filing financial statement; exemption; fees; failure to submit reports or fees; disposition of money received; "MBLSLA fund" defined; limitation on fees; annual report; additional reports; false statement as felony.
- 493.56 Proof of financial responsibility. Electronic bond required through NMLS.
- 493.56b Powers of commissioner.
- 493.61 Suspension, revocation, or refusal to issue or renew license or registration; notice; hearing; findings; facts or conditions; surrender of license or registration; preexisting contract not affected; lost or destroyed license or registration certificate.
- 493.63 Duration of license or registration; reinstatement of suspended license or registration; issuing new license or registration; consent required for transfer or assignment; requirements for transfer.

- 493.64 Order to cease and desist; issuance; conditions; notice; hearing; failure to appear as consent; service or order; effective date and enforcement.
- 493.64a Fraud.
- 493.67 Maintaining records relating to conduct of business; availability; statement of borrower's account; ledger history; obligation of servicer; fee prohibited.
- 493.68 Documents; preservation; other books, accounts, records, and documents.
- 493.72 Processing fee limitation of 5% of the gross amount of the loan.
- 493.74 Licensee or registrant; prohibited conduct.
- 493.75 Violation of applicable federal law is a violation of the Secondary Mortgage Loan Act.
- 493.76 Advertising; prohibited conduct.
- 493.77 Violation of act; making secondary mortgage loans without license as misdemeanor; penalty; civil fine; actions.
- 493.80 Persons permitted to make secondary mortgage loans.

Consumer Mortgage Protection Act, 2002 PA 660 to include:

- 445.1634 Person making mortgage loan; prohibited conduct.
- 445.1635 Mortgage loan with term less than 5 years; payment schedule.
- 445.1626 Special information book required on refinance transactions.
- 445.1639 Violation of act.
- 445.1644 Municipal actions; statutory conflict; preemption; severability.

Mortgage Lending Practices Act, 1977 PA 135 to include:

- 445.1602 Denying loan application or varying terms or conditions of loan contract; uniform application of policy or criteria; basis for consideration of loan application; minimum mortgage amount; minimum loan amount; opportunity to submit loan application; credit unions; written statement; compliance with equal credit opportunity act; application fee; copy of appraisal; copies of forms, reports, and correspondence; liability for error or omission; loan inquiry; pamphlet or document explaining criteria.
- 445.1605 Notice to loan inquirers or applicants; posting; contents.
- 445.1607 Retention of records and documents.
- 445.1612 Violation; fine; costs of investigation; proceedings.

Consumer Financial Services Act, 1988 PA 161 to include:

- 487.2052 Definitions. Sec. 2. (d) (e)

**References:**

Mortgage Loan Originator Licensing Act

<http://legislature.mi.gov/doc.aspx?mcl-act-75-of-2009>

Mortgage Brokers, Lenders, and Servicers Licensing Act

<http://legislature.mi.gov/doc.aspx?mcl-act-173-of-1987>

The Secondary Mortgage Loan Act

<http://legislature.mi.gov/doc.aspx?mcl-act-125-of-1981>

Consumer Mortgage Protection Act

<http://legislature.mi.gov/doc.aspx?mcl-act-660-of-2002>

Mortgage Lending Practices

<http://legislature.mi.gov/doc.aspx?mcl-act-135-of-1977>

Consumer Financial Services Act

<http://legislature.mi.gov/doc.aspx?mcl-act-161-of-1988>

NMLS Approving Authority

In accordance with the SAFE Act, NMLS is the approval authority for courses that are intended to satisfy the PE & CE requirement for an MLO to be licensed by a state-agency. Courses intending to satisfy these requirements must also meet NMLS course approval standards as detailed in the *Functional Specification for All NMLS Approved Courses*.

Legislative Updates

Course providers are responsible for keeping abreast of changes made to the applicable statutes, regulations and rules.