



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF FINANCIAL AND INSURANCE REGULATION  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS  
COMMISSIONER

April 14, 2009

TO: All Mortgage Broker, Lender, and Servicer Licensees and Registrants

RE: Compensation for Loans Originated by a Non-Registered Loan Officer

The Office of Financial and Insurance Regulation (OFIR) has recently been made aware of an issue regarding the compensation of non-registered loan officers. This issue concerns individuals that have not met the requirement of a loan officer registrant and originates mortgage loans on or after April 1, 2009. The Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, (MBLSLA), and the Secondary Mortgage Loan Act, 1981 PA 125, (SMLA) prohibit licensee or registrant employers from compensating individuals who originate loans beginning April 1, 2009, unless they are registered loan officers. However, withholding an employee's compensation for work performed violates the Payment of Wages and Fringe Benefits Act, 1978 PA 390 and/or the Minimum Wage Law, 1964 PA 154.

The MBLSLA and/or SMLA allow a non-registered individual to originate mortgage loans for 90 days after March 31, 2009, only if the individual is not compensated for the origination and the individual meets "notification" requirements. "Notification" requirements mean that an individual has had his/her fingerprints taken, the fingerprints have been submitted for Michigan State Police and FBI criminal history checks, the results of the criminal history checks have been received by the employing licensee or registrant and meet the felony/misdemeanor standards as set in the MBLSLA and/or SMLA, and the employing licensee or registrant provides notification to OFIR that the individual will originate mortgage loans for the employing licensee or registrant as a loan officer. Utilizing an unregistered mortgage loan officer to originate loans beginning April 1, 2009, and compensating them for their work is a violation of the MBLSLA and/or the SMLA, and subject to the penalties thereunder.

We have been informed that it is a violation of the Payment of Wages and Fringe Benefits Act, 1978 PA 390 and/or the Minimum Wage Law, 1964 PA 154 to withhold payment to non-registered loan officers for work performed even though the MBLSLA and SMLA expressly prohibit payment. Violations of these public acts are subject to penalties under the acts. For more information regarding the Payment of Wages and Fringe Benefits Act or the Minimum Wage Law, please visit the DELEG Wage & Hour Division website at [www.michigan.gov/wagehour](http://www.michigan.gov/wagehour).

To meet the loan officer requirements of the MBLSLA and/or SMLA and to be in compliance with the Payment of Wages and Fringe Benefits Act, 1978 PA 390, and/or the Minimum Wage Law, 1964 PA 154, mortgage broker, lender, and servicer licensees and registrants and their related loan officers are advised that loan officers should not originate mortgage loans beginning April 1, 2009 without first becoming approved as a mortgage loan officer registrant.

Loan Officer Registration

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If you have any questions concerning information contained in this letter, please contact me or Pam Baker at (877) 999-6442.

Sincerely,

A handwritten signature in black ink that reads "Mark W. Weigold". The signature is written in a cursive style with a large, stylized "M" and "W".

Mark W. Weigold

Director

Consumer Finance Section

Licensing and Product Review Division