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Testimony of Allan Daniels

Chairman, State of Michigan Mortgage Industry Advisory Board
Office of Regulatory Reinvention, Insurance and Finance Advisory Rules Committee Member
Michigan Mortgage Lenders Association, Government Affairs Committee Member

Good morning Mr. Chairman and committee members. My name is Allan Daniels, and I serve as the Chairman of the state Mortgage Industry Advisory Board. I was appointed to the 7-member Board by former OFIR Commissioner Ross in 2008 and reappointed in 2012 by OFIR Commissioner Clinton. I have been a licensed Mortgage Broker/Lender/Servicer since 1990, serving as President of American Acceptance Mortgage Corporation, based in Bloomfield Hills.

I appear today on behalf of the Michigan Mortgage Industry Advisory Board, the Office of Regulatory Reinvention Insurance and Finance Advisory Rules Committee, and the Michigan Mortgage Lenders Association to express support for passage of SB 1283, 1284, and 1285.

The Office of Regulatory Reinvention Insurance & Finance Advisory Rules Committee made a unanimous recommendation (including consumer advocate support) to have the Michigan first mortgage laws mirror federal law by limiting the scope of coverage to "consumer purpose" credit. This would achieve the goal of eliminating sections of Michigan's regulatory structure that exceed the burden imposed by federal regulations and would also free up more working capital for business growth in Michigan -- without any reduction upon consumer protection.

Michigan statutes regulating first lien mortgage loans omit an important exception for non-consumer credit contained in federal laws and regulations. This creates unnecessary and unduly burdensome regulation on business, commercial, and agricultural first mortgage lenders and contributes to a shortage of available credit. Industry is also faced with reporting requirements, licensing fees, and activity assessments that exceed (or do not exist in) other states. The higher costs associated with this licensing and reporting that is unnecessary under federal law increases costs to business borrowers and further impedes our state's recovery.

The improvements contained in the bills you are considering today are unanimously recommended by the Office of Regulatory Reinvention, Insurance and Finance Advisory Rules Committee, the state Mortgage Industry Advisory Board, and supported by the Michigan Mortgage Lenders Association (MMLA).

Thank you for giving me the opportunity to testify this afternoon. I would be happy to answer any questions you may have.