

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

**445.1655 Minimum net worth.**

Sec. 5. A licensee who acts as a mortgage broker and who receives funds from a prospective borrower before the closing of the mortgage loan shall maintain a net worth of not less than \$25,000.00. A licensee who acts as a mortgage lender shall maintain a net worth of not less than \$25,000.00. A licensee who acts as a mortgage servicer shall maintain a net worth in an amount determined by the commissioner not exceeding \$100,000.00. Net worth shall be determined at the conclusion of the fiscal year of the licensee immediately preceding the date an application for a license, or renewal of a license, is submitted to the commissioner. Net worth shall be disclosed on a form prescribed by the commissioner or on a form prepared or reviewed by a certified public accountant and shall be computed in accordance with generally accepted accounting principles. The following assets shall be excluded in the computation of net worth:

- (a) That portion of an applicant's assets pledged to secure obligations of any person other than that of the applicant.
- (b) Any asset except construction loans receivable, secured by first mortgages from related companies, due from officers or stockholders of the applicant or persons in which the applicant's officers or stockholders have an interest.
- (c) An amount in excess of the lower of the cost or market value of mortgage loans in foreclosure, or real property acquired through foreclosure.
- (d) An investment shown on the balance sheet in joint ventures, subsidiaries, or affiliates, which is greater than the market value of the assets.
- (e) Good will or value placed on insurance renewals or property management contract renewals or other similar intangible value.
- (f) Organization costs.

**History:** 1987, Act 173, Imd. Eff. Nov. 18, 1987;—Am. 1996, Act 210, Imd. Eff. May 22, 1996.

**Compiler's note:** 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.