



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 534 (Substitute S-1 as reported)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend Public Act 135 of 1977, which regulates mortgage lending practices, to specify that a "credit granting institution" that required a mortgagor to maintain property/casualty insurance as a condition to receiving a mortgage loan could not require the amount of the property/casualty insurance to be greater than the replacement cost of the mortgaged building or buildings. A bank could require, however, an amount of property/casualty insurance that was required of the bank as a condition of a sale, transfer, or assignment of all or part of the mortgage to a third party. The bill would not require that a bank anticipate a sale, transfer, or assignment at the time the mortgage loan was made.

"Credit granting institution", under the Act, means a State- or nationally chartered bank, a State- or Federally chartered savings and loan association, a State- or Federally chartered credit union, the Michigan State Housing Development Authority, or a business entity making or purchasing mortgage loans, that has a main office, branch office, or service center doing business within Michigan.

Proposed MCL 445.1602a

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would not affect the fiscal requirements or the borrowing or lending activities and programs of the Department of Commerce or of local governmental units.

Date Completed: 5-19-95

Fiscal Analyst: K. Lindquist