



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**

BILL



ANALYSIS

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Senate Bill 536 (Substitute S-1 as reported)  
Sponsor: Senator Michael J. Bouchard  
Committee: Financial Services

### **CONTENT**

The bill would amend the Savings and Loan Act to specify that an "association" or "federal association" 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.

"Association", under the Act, means a domestic savings and loan association or domestic savings bank; "federal association" means a corporate organization that transacts business pursuant to authority granted under the Federal Home Owners' Loan Act, with its principal office located in Michigan.

Proposed MCL 491.702a

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