

# HOUSE BILL No. 4195

February 9, 1999, Introduced by Reps. Brewer, Kelly, Hale and Bogardus and referred to the Committee on Insurance and Financial Services.

A bill to amend 1987 PA 173, entitled  
"Mortgage brokers, lenders, and servicers licensing act,"  
(MCL 445.1651 to 445.1684) by adding section 22b.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1        SEC. 22B. (1) A LICENSEE SHALL NOT REQUIRE AS A CONDITION  
2 OF APPROVING A REFINANCING MORTGAGE LOAN THAT THE MORTGAGOR  
3 OBTAIN NEW TITLE INSURANCE IF TITLE INSURANCE WAS ISSUED WITH THE  
4 MORTGAGE LOAN THAT IS BEING REFINANCED.
- 5        (2) AS USED IN THIS SECTION:
- 6        (A) "REFINANCING MORTGAGE LOAN" MEANS A LOAN THAT IS A REFI-  
7 NANCING OF AN EXISTING MORTGAGE LOAN ON REAL PROPERTY DESIGNED  
8 FOR OCCUPANCY BY 4 OR FEWER FAMILIES.
- 9        (B) "TITLE INSURANCE" MEANS THE INSURING, GUARANTEEING, OR  
10 INDEMNIFYING OF DESIGNATED OWNERS OF REAL ESTATE OR AN INTEREST  
11 IN REAL ESTATE AGAINST LOSS OR DAMAGE THAT MAY RESULT BECAUSE THE

1 TITLE IS VESTED IN A MANNER OTHERWISE THAN AS STATED IN THE TITLE  
2 INSURANCE POLICY, BECAUSE THE TITLE IS UNMARKETABLE, OR BECAUSE  
3 THE TITLE IS SUBJECT TO LIENS, ENCUMBRANCES, OR OTHER MATTERS  
4 ADVERSELY AFFECTING THE RIGHTS OF USE, ENJOYMENT, OR DISPOSITION  
5 OF THE REAL ESTATE, AND NOT EXCEPTED IN THE POLICY, ALL IN  
6 ACCORDANCE WITH THE TERMS OF A TITLE INSURANCE POLICY APPROVED AS  
7 TO SUBSTANCE AND FORM, OR DOING ANYTHING EQUIVALENT IN SUBSTANCE  
8 TO ANY OF THE FOREGOING IN A MANNER DESIGNED TO EVADE THE PROVI-  
9 SIONS OF THIS ACT.