

# HOUSE BILL No. 4196

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

A bill to amend 1969 PA 319, entitled  
"Banking code of 1969,"  
(MCL 487.301 to 487.598) by adding section 247.

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

1        SEC. 247. (1) A BANK SHALL NOT REQUIRE AS A CONDITION OF  
2 APPROVING A REFINANCING MORTGAGE LOAN THAT THE MORTGAGOR OBTAIN  
3 NEW TITLE INSURANCE IF TITLE INSURANCE WAS ISSUED WITH THE MORT-  
4 GAGE 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.