

HOUSE BILL No. 4197

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

A bill to amend 1980 PA 307, entitled
"Savings and loan act of 1980,"
(MCL 491.102 to 491.1202) by adding section 1135.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 1135. (1) AN ASSOCIATION SHALL NOT REQUIRE AS A CONDI-
2 TION 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.