

SENATE BILL No. 1285

September 19, 2012, Introduced by Senators MARLEAU, GREEN and BOOHER and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1977 PA 135, entitled

"An act to prohibit certain mortgage lending practices by a credit granting institution; to prescribe the powers and duties of the commissioner of the financial institutions bureau in relation to those practices; to permit the establishment of local mortgage review boards; and to provide remedies and penalties,"

by amending section 1 (MCL 445.1601).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. As used in this act:

(a) "Annual percentage rate" means ~~the rate as computed~~ **THAT TERM AS DEFINED IN AND DETERMINED** under the ~~federal~~ truth in lending act, 15 U.S.C. **USC** 1601 to ~~1677~~ **1667F**.

(b) "Commissioner" means the commissioner of the ~~financial institutions bureau of the department of commerce~~ **OFFICE OF FINANCIAL AND INSURANCE REGULATION OF THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**.

(c) "Credit granting institution" means a state or nationally

1 chartered bank, a state or federally chartered savings and loan
 2 association, a state or federally chartered credit union, **THE**
 3 Michigan state housing development authority, or a business entity
 4 making or purchasing mortgage loans, ~~which~~ **THAT** has a main office,
 5 branch office, or service center ~~doing such business within~~ **IN** the
 6 state of Michigan **AT WHICH IT CONDUCTS THAT BUSINESS.**

7 (d) "Home improvement loan" means a ~~loan~~ secured or unsecured
 8 ~~to be~~ **LOAN** used for the purpose of repairing, rehabilitating, or
 9 remodeling an existing residential dwelling designed for occupancy
 10 by 4 or fewer families, as stated by the borrower in the loan
 11 application and as recorded on the books of the credit granting
 12 institution.

13 (e) "Loan application" means a written application for a
 14 mortgage loan or home improvement loan.

15 (f) "Loan contract" means a contract for a mortgage loan or
 16 home improvement loan.

17 (g) "Mortgage loan" means a loan secured by a mortgage on real
 18 property designed for occupancy by 4 or fewer families, including
 19 **AN** individual ~~units~~ **UNIT** of ~~condominiums and cooperatives,~~ **A**
 20 **CONDOMINIUM OR COOPERATIVE**, a refinancing of an existing mortgage
 21 loan on real property designed for occupancy by 4 or fewer families
 22 involving an increase in the outstanding balance of the principal
 23 due, or a loan secured by a junior lien on real property designed
 24 for occupancy by 4 or fewer families undertaken for any purpose.
 25 Mortgage loan does not include ~~construction~~ **ANY OF THE FOLLOWING:**

26 (i) **CONSTRUCTION** financing. ~~purchase~~

27 (ii) **A PURCHASE** of an interest in a pool of mortgage loans. ~~purchase~~

1 ~~or an~~

2 **(iii) AN** extension of the maturity of an existing mortgage loan
3 **THAT DOES** not ~~involving~~**INCLUDE** an increase in the unpaid principal
4 due.

5 **(iv) A LOAN TRANSACTION IN WHICH THE PROCEEDS ARE NOT USED**
6 **PRIMARILY FOR A PERSONAL, FAMILY, OR HOUSEHOLD PURPOSE.**

7 (h) "Neighborhood" means either of the following:

8 (i) A census tract as defined by the United States bureau of
9 the census in census of population, if located within a standard
10 metropolitan statistical area as defined by the United States
11 office of management and budget.

12 (ii) An area ~~which~~**THAT** is designated by a single zip code
13 number under the zoning improvement plan of the United States
14 postal service, if located outside a standard metropolitan
15 statistical area as defined by the United States office of
16 management and budget.