

MORTGAGE LENDING PRACTICES (EXCERPT)
Act 135 of 1977

445.1602a Property/casualty insurance as condition to loan; limitation on amount required; amount as condition of sale, transfer, or assignment.

Sec. 2a. (1) Except as provided in subsection (2), a credit granting institution that requires a mortgagor to maintain property/casualty insurance as a condition to receiving a mortgage loan shall not require the amount of the property/casualty insurance to be greater than the replacement cost of the mortgaged building or buildings.

(2) A credit granting institution may require an amount of property/casualty insurance that is required of the credit granting institution as a condition of a sale, transfer, or assignment of all or part of the mortgage to a third party. This subsection does not require that the credit granting institution anticipate a sale, transfer, or assignment at the time the mortgage loan is made.

History: Add. 1995, Act 214, Imd. Eff. Nov. 29, 1995.