

MORTGAGE BORROWER'S RIGHTS

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Senate Bill 578 (as passed by the Senate)
Sponsor: Sen. Darwin L. Boohar
House Committee: Financial Services
Senate Committee: Banking and Financial Services
Complete to 2-2-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill would amend the Consumer Mortgage Protection Act to require a lender to provide an applicant for a mortgage loan with a copy of a special information booklet described in federal rules (12 CFR 1024.6) and issued under the authority of the federal Real Estate Settlement Procedures Act (RESPA), instead of a document called "Borrowers Bill of Rights." Language in the act describing the Borrowers Bill of Rights would be struck.

Under the bill, if the federal government repealed or amended 12 CFR 1024.6, or ceased publication of the special information booklet, the Michigan Department of Insurance and Financial Services would have to prepare a document that described the rights of borrowers in mortgage loan transactions; review the document annually to ensure its accuracy; and make it available to lenders and the public. If the document were available to a lender at the time a person applied for a mortgage loan, the lender would have to provide a copy to the applicant.

The bill also would repeal Section 7 of the Consumer Mortgage Protection Act, which requires a lender to provide an applicant with a written "Consumer Caution and Home Ownership Counseling" notice that recommends shopping around for a home mortgage and consulting a credit counselor or other experienced financial advisor before taking out a mortgage loan.

The bill would take effect 90 days after its enactment.

FISCAL IMPACT:

Senate Bill 578, as passed by the Senate, could have an eventual nominal fiscal impact on the Department of Insurance and Financial Services (DIFS) dependent on whether the federal government ever ceases publication of the Special Information Booklet and to the extent that DIFS would incur administrative costs to develop and disseminate an alternative document pertaining to borrowers' rights.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.