



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 578 (as reported by the Committee of the Whole)
Sponsor: Senator Darwin L. Booher
Committee: Banking and Financial Institutions

CONTENT

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 12 CFR 1024.6, issued under the authority of the Real Estate Settlement Procedures Act (RESPA), instead of a document called "Borrowers Bill of Rights".

If the Federal government repealed or amended 12 CFR 1024.6, or ceased publication of the special information booklet, the Department of Insurance and Financial Services would have to prepare a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. 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 notice regarding the value of credit counseling before taking out a mortgage loan.

The bill would take effect 90 days after its enactment.

(The Act defines "mortgage loan" as a loan or home improvement installment contract secured by a first or subordinate mortgage or other form of lien or a land contract that covers real property located in Michigan that is used as the borrower's principal dwelling and is designed for occupancy by four or fewer families. The term does not include a loan transaction in which the proceeds are used to acquire the borrower's principal residence; a reverse-mortgage transaction; an open-end credit plan; or a loan transaction in which the proceeds are not used primarily for a personal, family, or household purpose.)

MCL 445.1632 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill could result in increased administrative burdens for the Department of Insurance and Financial Services, depending on circumstances at the Federal level of government. If the Federal government ceased publication of the special information booklet described in 12 CFR 1024.6, the Department then would have to prepare, and make available to lenders and the public, a document describing borrowers' rights. The bill would have no fiscal impact at the local level.

Date Completed: 12-9-15

Fiscal Analyst: Glenn Steffens