

Act No. 44
Public Acts of 2016
Approved by the Governor
March 15, 2016
Filed with the Secretary of State
March 15, 2016
EFFECTIVE DATE: June 13, 2016

**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Senator Booher

ENROLLED SENATE BILL No. 578

AN ACT to amend 2002 PA 660, entitled "An act to prohibit certain lending practices; to require disclosure of certain information for home loans; to prescribe certain duties and obligations of the lender in a home loan transaction; to prescribe the powers and duties of certain state agencies and officials; and to prescribe penalties and provide for remedies," by amending sections 2, 6, and 13 (MCL 445.1632, 445.1636, and 445.1643), section 2 as amended by 2012 PA 443; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Sec. 2. As used in this act:

- (a) "Commissioner" or "director" means the director of the department of insurance and financial services.
- (b) "Depository institution" means a bank, savings and loan association, savings bank, or credit union that is chartered under state or federal law.
- (c) "Home improvement installment contract" means an agreement consisting of 1 or more documents that covers the sale of goods or furnishing of services to a buyer for improvements to the buyer's principal dwelling, if that dwelling is located in this state and used for occupancy of 4 or fewer families, under which the buyer promises to pay in installments all or any part of the price of the goods or services.
- (d) "Mortgage loan" means a loan or home improvement installment contract secured by a first or subordinate mortgage or any other form of lien or a land contract that covers real property located in this state that is used as the borrower's principal dwelling and is designed for occupancy by 4 or fewer families. Mortgage loan does not include any of the following:
 - (i) A loan transaction in which the proceeds are used to acquire the borrower's principal dwelling.
 - (ii) A reverse-mortgage transaction.
 - (iii) An open-end credit plan. As used in this subparagraph, "open-end credit plan" means a loan in which the lender reasonably contemplates repeated advances.
 - (iv) A loan transaction in which the proceeds are not used primarily for a personal, family, or household purpose.
- (e) "Person" means an individual, corporation, limited liability company, partnership, association, governmental entity, or any other legal entity.
- (f) "Reverse-mortgage" means a nonrecourse loan under which both of the following apply:
 - (i) A mortgage or other form of lien securing 1 or more advances is created in the borrower's principal dwelling.
 - (ii) The principal, interest, or shared appreciation or equity is payable only after the borrower dies, the dwelling is transferred, or the borrower ceases to occupy the dwelling as a principal dwelling.

(g) "Regulated lender" means a depository institution; a licensee or a registrant under the consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072, 1984 PA 379, MCL 493.101 to 493.114, the secondary mortgage loan act, 1981 PA 125, MCL 493.51 to 493.81, or the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1651 to 445.1684; or a seller under the home improvement finance act, 1965 PA 332, MCL 445.1101 to 445.1431.

(h) "State and federal laws" means, individually and collectively, 1 or more of the laws or regulations of this state or the federal government which regulate or are applicable to a mortgage loan or a person that is brokering, making, servicing, or collecting a mortgage loan, including, without limitation, the truth in lending act, 15 USC 1601 to 1667f, real estate settlement procedures act of 1974, Public Law 93-533, 88 Stat. 1724, equal credit opportunity act, 15 USC 1691 to 1691f, fair housing act, title VIII of the civil rights act of 1968, Public Law 90-284, 82 Stat. 81, fair credit reporting act, 15 USC 1681 to 1681x, the homeowners protection act of 1998, Public Law 105-216, 112 Stat. 897, fair debt collection practices act, 15 USC 1601nt and 1692 to 1692o, Dodd-Frank Wall Street reform and consumer protection act, Public Law 111-203, consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072, mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1651 to 445.1684, secondary mortgage loan act, 1981 PA 125, MCL 493.51 to 493.81, 1977 PA 135, MCL 445.1601 to 445.1614, and home improvement finance act, 1965 PA 332, MCL 445.1101 to 445.1431.

Sec. 6. (1) Subject to subsection (2), at the time a person applies for a mortgage loan, the lender shall provide the applicant with a copy of the special information booklet described in 12 CFR 1024.6, issued under the authority of the real estate settlement procedures act of 1974, Public Law 93-533.

(2) If the federal government repeals or amends 12 CFR 1024.6 or otherwise ceases publication of the special information booklet described in subsection (1), the department of insurance and financial services shall prepare a document that describes the rights of borrowers in mortgage loan transactions; annually review the document to ensure the accuracy of any telephone numbers, Internet website addresses, or other information included in the document; and make the document available to lenders and the public. If the document described in this subsection is available to a lender under this subsection at the time a person applies for a mortgage loan, the lender shall provide the applicant with a copy of that document.

Sec. 13. (1) The department of insurance and financial services shall develop and make available to local units of government, financial institutions, and other interested persons 1 or more model programs for financial education.

(2) The program required under this section shall be designed to teach personal financial management skills and the basic principles involved with saving, borrowing, investing, and protection against predatory and other fraudulent lending practices.

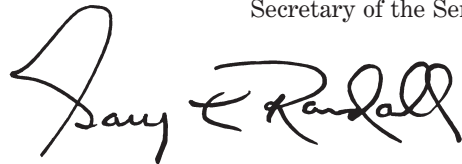
Enacting section 1. Section 7 of the consumer mortgage protection act, 2002 PA 660, MCL 445.1637, is repealed.

Enacting section 2. This amendatory act takes effect 90 days after the date it is enacted into law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

.....
Governor