

STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012

Introduced by Senators Marleau, Green and Booher

ENROLLED SENATE BILL No. 1285

AN ACT 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 that term as defined in and determined under the truth in lending act, 15 USC 1601 to 1667f.
- (b) “Commissioner” means the commissioner of the office of financial and insurance regulation of the department of licensing and regulatory affairs.
- (c) “Credit granting institution” means a state or nationally chartered bank, a state or federally chartered savings and loan association, a state or federally chartered credit union, the Michigan state housing development authority, or a business entity making or purchasing mortgage loans, that has a main office, branch office, or service center in the state of Michigan at which it conducts that business.
- (d) “Home improvement loan” means a secured or unsecured loan used for the purpose of repairing, rehabilitating, or remodeling an existing residential dwelling designed for occupancy by 4 or fewer families, as stated by the borrower in the loan application and as recorded on the books of the credit granting institution.
- (e) “Loan application” means a written application for a mortgage loan or home improvement loan.
- (f) “Loan contract” means a contract for a mortgage loan or home improvement loan.
- (g) “Mortgage loan” means a loan secured by a mortgage on real property designed for occupancy by 4 or fewer families, including an individual unit of a condominium or cooperative, a refinancing of an existing mortgage loan on real property designed for occupancy by 4 or fewer families involving an increase in the outstanding balance of the principal due, or a loan secured by a junior lien on real property designed for occupancy by 4 or fewer families undertaken for any purpose. Mortgage loan does not include any of the following:
 - (i) Construction financing.
 - (ii) A purchase of an interest in a pool of mortgage loans.
 - (iii) An extension of the maturity of an existing mortgage loan that does not include an increase in the unpaid principal due.

(iv) A loan transaction in which the proceeds are not used primarily for a personal, family, or household purpose.

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

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

(ii) An area that is designated by a single zip code number under the zoning improvement plan of the United States postal service, if located outside a standard metropolitan statistical area as defined by the United States office of management and budget.

This act is ordered to take immediate effect.

Secretary of the Senate

Clerk of the House of Representatives

Approved

Governor