



## HOME LENDING INFORMATION

House Bills 4423 and 4424  
Sponsor: Rep. Raymond M. Murphy  
Committee: Business & Finance

Complete to 3-8-93

### A SUMMARY OF HOUSE BILLS 4423 AND 4424 AS INTRODUCED 3-3-93

Public Act 135 of 1977 prohibits certain mortgage lending practices by credit-granting institutions in the state and requires them to disclose certain mortgage information annually to the Financial Institutions Bureau (FIB). Also, Public Act 105 of 1955 provides for the deposit of state surplus funds into state financial institutions, and requires financial institutions to report certain information to the FIB in order to qualify to receive state surplus funds for deposit. The bills would amend both acts to delete provisions requiring credit-granting institutions to disclose certain information to the FIB and, instead, would require them to file an affidavit with the FIB that said they were subject to the Federal Home Mortgage Disclosure Act and had complied with its provisions. Neither bill could be enacted unless both were.

House Bill 4423 would amend Public Act 135 of 1977 (MCL 445.1602 et al.) to delete provisions that require a credit-granting institution to file a report containing lending information to the FIB within 90 days after the close of its fiscal year. (This report must include information relative to mortgage and home improvement loans over the past year, such as how many were applied for, the total dollar amount of loans granted, and similar data.) Instead, the bill specifies that on or before March 31 of each year a credit-granting institution would have to file with the FIB commissioner an affidavit stating whether it was subject to the Federal Home Mortgage Disclosure Act and, if so, that it had complied with that act's requirements and regulations promulgated under it.

Credit granting institutions currently are prohibited from imposing minimum mortgage amounts greater than \$5,000, or minimum home improvement loan amounts greater than \$500. The bill would raise these minimum mortgage and home improvement loan amounts to \$10,000 and \$1,000, respectively.

The act currently requires the commissioner to report to the governor and legislature on the enforcement of the act, and requires the report to include findings on mortgage lending activities based on a review of data disclosed to the FIB by financial institutions and on the FIB's enforcement activities. The bill would delete these provisions from the act and instead would require the commissioner, at the request of one or more committees of the legislature, to appear before the committee(s) to provide information on the act's enforcement.

The bill also would delete obsolete language that expired on January 1, 1983, which authorized the FIB commissioner to establish "mandatory mortgage review boards" and

authorized these boards to review mortgage and home-related lending practices in certain urban areas of the state.

House Bill 4424 would amend Public Act 105 of 1855 (MCL 21.145 and 21.147) to delete provisions that require certain financial institutions (those with total assets of over \$10 million that wish to receive state surplus funds for deposit) to file with the FIB commissioner, either voluntarily or pursuant to Public Act 135 of 1977, the disclosure reports required under Public Act 135 and other data on mortgage and home improvement loan activities in the institution's previous fiscal year. Instead, such a financial institution would have to file with the commissioner on or before March 31 of each year an affidavit stating whether it was subject to the Federal Home Mortgage Disclosure Act and, if so, that it had complied with requirements of that act and regulations promulgated under it.

The act currently defines a "financial institution" as a state or nationally chartered bank, a state or federally chartered savings and loan association, or a state or federally chartered credit union. The bill would include within this definition a "state or federally chartered savings bank."