

HOUSE BILL No. 5380

November 13, 1997, Introduced by Reps. Callahan, Brater, DeHart, Hale, Wojno, Schauer, Bogardus, Frank and Brewer and referred to the Committee on Commerce.

A bill to amend 1987 PA 173, entitled
"Mortgage brokers, lenders, and servicers licensing act,"
(MCL 445.1651 to 445.1684) by adding section 23a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 23A. (1) IF A LICENSEE REQUIRES A MORTGAGEE TO OBTAIN
2 PRIVATE MORTGAGE INSURANCE AS A CONDITION OF RECEIVING A MORTGAGE
3 LOAN WITH A LOAN TO VALUE RATIO ABOVE A CERTAIN PERCENTAGE, WHEN
4 THE LOAN BALANCE HAS DROPPED BELOW THE EQUITY REQUIREMENT THE
5 LICENSEE SHALL NOTIFY THE MORTGAGEE AND DISCONTINUE THE PRIVATE
6 MORTGAGE INSURANCE.

7 (2) AS USED IN THIS SECTION, "PRIVATE MORTGAGE INSURANCE"
8 MEANS INSURANCE OBTAINED TO PROTECT THE MORTGAGOR AGAINST BOR-
9 ROWER DEFAULT.