

SUBSTITUTE FOR  
HOUSE BILL NO. 5297

A bill to amend 2002 PA 660, entitled  
"Consumer mortgage protection act,"  
by amending sections 6 and 7 (MCL 445.1636 and 445.1637).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 6. At the time a person applies for a ~~mortgage~~**HOME** loan,  
2       the ~~lender~~**CREDITOR** shall provide the applicant the following  
3       document:

4                               "BORROWERS BILL OF RIGHTS

5           1. You have the RIGHT to shop for the best loan for you and  
6       compare the charges of different mortgage brokers and lenders.

7           2. You have the RIGHT to be informed about the total cost of  
8       your loan including the interest rate, points, and other fees.

9           3. You have the RIGHT to obtain a "Good Faith Estimate" of all  
10      loan and settlement charges before you agree to the loan or pay any  
11      fees.

1           4. You have the RIGHT to know what fees are nonrefundable if  
2 you decide to withdraw your loan application.

3           5. You have the RIGHT to ask your mortgage broker to explain  
4 exactly what the mortgage broker will do for you.

5           6. You have the RIGHT to know how much the mortgage broker is  
6 getting paid by you and the lender for your loan.

7           7. You have the RIGHT to ask questions about charges and loan  
8 terms that you do not understand.

9           8. You have the RIGHT to a credit decision that is not based  
10 on your race, color, religion, national origin, sex, marital  
11 status, age, or whether any income is derived from public  
12 assistance.

13           9. You have the RIGHT to know the reason if your loan  
14 application is turned down.".

15 ~~10. You have the RIGHT to receive the HUD settlement costs~~  
16 ~~booklet "Buying Your Home"."~~

17           Sec. 7. At the time a person applies for a ~~mortgage~~**HOME** loan,  
18 the ~~lender~~**CREDITOR** shall provide the applicant the following  
19 written notice regarding the value of receiving credit counseling  
20 before taking out a ~~mortgage~~**HOME** loan and a list of the nearest  
21 available HUD-approved credit counseling agencies:

22           "CONSUMER CAUTION AND HOME OWNERSHIP COUNSELING NOTICE

23           If you obtain this loan, the lender will have a mortgage on  
24 your home. You could lose your home, and all money you have  
25 invested in it, if you do not meet your obligations under the loan,  
26 including making all your payments.

27           Mortgage loans rates and closing costs and fees vary based on

1 many factors, including your particular credit and financial  
2 circumstances, your earnings history, the loan-to-value requested,  
3 and the type of property that will secure your loan. Higher rates  
4 and fees may be applicable depending on the individual  
5 circumstances of a particular consumer's application.

6 You should shop around and compare loan rates and fees. This  
7 particular loan may have a higher rate and total points and fees  
8 than other mortgage loans. You should consider consulting a  
9 qualified independent credit counselor or other experienced  
10 financial adviser regarding the rate, fees, and provisions of this  
11 mortgage loan before you proceed. For information on contacting a  
12 qualified credit counselor, ask your lender ~~or call the United~~  
13 ~~States Department of Housing and Urban Development's counseling~~  
14 ~~hotline at 1-888-466-3487~~ for a list of counselors.

15 You are not required to complete any loan agreement merely  
16 because you have received these disclosures or have signed a loan  
17 application. If you proceed with this mortgage loan, you should  
18 also remember that you may face serious financial risks if you use  
19 this loan to pay off credit card debts and other debts in  
20 connection with this transaction and then subsequently incur  
21 significant new credit card charges or other debts.

22 Property taxes and homeowner's insurance are your  
23 responsibility. Not all lenders provide escrow services for these  
24 payments. You should ask your lender about these services.

25 Your payments on existing debts contribute to your credit  
26 ratings. You should not accept any advice to ignore your regular  
27 payments to your existing creditors.".

1       Enacting section 1. This amendatory act does not take effect  
2 unless all of the following bills of the 94th Legislature are  
3 enacted into law:

- 4       (a) House Bill No. 5294.
- 5       (b) House Bill No. 5295.
- 6       (c) House Bill No. 5296.
- 7       (d) House Bill No. 5299.
- 8       (e) House Bill No. 5300.
- 9       (f) House Bill No. 5301.
- 10      (g) House Bill No. 5302.
- 11      (h) House Bill No. 5303.