

SENATE BILL No. 1067

January 30, 2008, Introduced by Senators HUNTER, CLARKE and BRATER and referred to the Committee on Banking and Financial Institutions.

A bill to amend 2002 PA 660, entitled
"Consumer mortgage protection act,"
by amending section 4 (MCL 445.1634).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) A person offering to make or making a mortgage
2 loan shall not do either of the following:

3 (a) Charge a fee for a product or service if the product or
4 service is not actually provided to the customer.

5 (b) Misrepresent the amount charged by or paid to a third
6 party for a product or service.

7 (c) **ENGAGE IN FLIPPING A HOME LOAN. AS USED IN THIS**
8 **SUBDIVISION, "FLIPPING" MEANS MAKING A HOME LOAN TO A BORROWER THAT**
9 **REFINANCES AN EXISTING HOME LOAN WHEN THE NEW LOAN DOES NOT HAVE**

1 REASONABLE, TANGIBLE NET BENEFIT TO THE BORROWER CONSIDERING ALL OF
2 THE CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, THE TERMS OF BOTH
3 THE NEW AND REFINANCED LOANS, THE COST OF THE NEW LOAN, AND THE
4 BORROWER'S CIRCUMSTANCES.

5 (2) A lender in making a mortgage loan shall not finance as
6 part of the loan single premium coverage for any credit life,
7 credit disability, or credit unemployment.

8 (3) A person, appraiser, or real estate agent shall not make,
9 directly or indirectly, any false, deceptive, or misleading
10 statement or representation in connection with a mortgage loan
11 including, but not limited to, the borrower's ability to qualify
12 for a mortgage loan or the value of the dwelling that will secure
13 repayment of the mortgage loan.

14 (4) A lender shall not insert or change information on an
15 application for a mortgage loan if the lender knows that the
16 information is false and misleading and intended to deceive a third
17 party that the borrower is qualified for the loan when in fact the
18 third party would not approve the loan without the insertion or
19 change.

20 (5) A statement or representation is deceptive or misleading
21 if it has the capacity to deceive or mislead a borrower or
22 potential borrower. The commissioner shall consider any of the
23 following factors in deciding whether a statement or
24 ~~misrepresentation~~ **REPRESENTATION** is deceptive or misleading:

25 (a) The overall impression that the statement or
26 representation reasonably creates.

27 (b) The particular type of audience to which the statement is

1 directed.

2 (c) Whether it may be reasonably comprehended by the segment
3 of the public to which the statement is directed.

4 (6) A lender shall not condition the payment of an appraisal
5 upon a predetermined value or the closing of the mortgage loan
6 which is the basis of the appraisal.

7 (7) A person shall not directly or indirectly compensate,
8 coerce, or intimidate an appraiser for the purpose of influencing
9 the independent judgment of the appraiser with respect to the value
10 of the dwelling offered as security for repayment of the mortgage
11 loan.

12 (8) A mortgage loan note shall not contain blanks regarding
13 payments, interest rates, maturity date, or amount borrowed to be
14 filled in after the note is signed by the borrower.