

HOUSE BILL No. 5383

November 13, 1997, Introduced by Reps. Schermesser, Callahan, Tesanovich, Kelly, DeHart, Brater, Schauer, Wojno, Hale, Rison, Bogardus, Quarles, Brewer, Palamara, Mans and Brown and referred to the Committee on Commerce.

A bill to amend 1969 PA 319, entitled
"Banking code of 1969,"
(MCL 487.301 to 487.598) by adding section 151k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 151K. (1) IF A BANK REQUIRES A MORTGAGEE TO OBTAIN
2 PRIVATE MORTGAGE INSURANCE AS A CONDITION OF RECEIVING A MORTGAGE
3 LOAN THAT HAS A LOAN TO VALUE RATIO ABOVE A CERTAIN PERCENTAGE,
4 WHEN THE LOAN BALANCE HAS DROPPED BELOW THE EQUITY REQUIREMENT,
5 THE BANK 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.