



Report on Public Policy Position

Name of section:

Consumer Law Council

Contact Person:

Lorray Brown

E-mail:

lorrayb@umich.edu

Bill Number:

HB 4054 (Mayes) Occupations; appraisers; prohibition on setting, developing, and communicating an appraisal based upon certain outcomes; provide for. Amends sec. 2635 of 1980 PA 299 (MCL 339.2635).

HB 4055 (Mayes) Financial institutions; mortgage brokers and lenders; coercing or inducing appraisers to inflate value of mortgaged property; prohibit. Amends sec. 29 of 1987 PA 173 (MCL 445.1679).

HB 4083 (Farrah) Financial institutions; mortgage brokers and lenders; coercing or inducing appraisers to inflate value of real property offered as collateral for secondary mortgage loan; prohibit. Amends sec. 27 of 1981 PA 125 (MCL 493.77).

SB 342 (Pappageorge) Occupations; appraisers; prohibition on setting, developing, and communicating an appraisal based upon certain outcomes; provide for. Amends sec. 2635 of 1980 PA 299 (MCL 339.2635). TIE BAR WITH: SB 0343'07, SB 0356'07

SB 343 (Pappageorge) Financial institutions; mortgage brokers and lenders; coercing or inducing appraisers to inflate value of real property offered as collateral for secondary mortgage loan; prohibit. Amends sec. 27 of 1981 PA 125 (MCL 493.77). TIE BAR WITH: SB 0342'07, SB 0356'07

SB 356 (Richardville) Financial institutions; mortgage brokers and lenders; coercing or inducing appraisers to inflate value of mortgaged property; prohibit. Amends sec. 29 of 1987 PA 173 (MCL 445.1679). TIE BAR WITH: SB 0342'07, SB 0343'07

Date position was adopted:

March 8, 2007

Process used to take the ideological position:

Position adopted after discussion and vote at a scheduled meeting.

Number of members in the decision-making body:

15 (11 in attendance)

Number who voted in favor and opposed to the position:

11 Voted for position

0 Voted against position

0 Abstained from vote

4 Did not vote

Position:

Oppose

Explanation of the position, including any recommended amendments:

These bills are the appraisal fraud package bills. These bills are designed to prohibit appraisers from inflating the fair market value of a home to qualify pending loans in exchange for promises of future business with the broker or lender. Council feels the last sentence allowing brokers/agents to communicate a price/value to the appraiser is a serious loophole; appraisals should be blind. The package is also weak because it provides no private right of action and it is unlikely any prosecutors will bother taking these cases. It is the Council's position not to support these bills.

Predatory mortgage lending is a tremendous problem for homeowners and communities, and a major factor in Michigan's leading the nation in foreclosures. We advocate a meaningful solution to include such terms as a mortgage suitability requirement and a private right of action.

The text of any legislation, court rule, or administrative regulation that is the subject of or referenced in this report.

<http://legislature.mi.gov/doc.aspx?2007-HB-4054>

<http://legislature.mi.gov/doc.aspx?2007-HB-4055>

<http://legislature.mi.gov/doc.aspx?2007-HB-4083>

<http://legislature.mi.gov/doc.aspx?2007-SB-0342>

<http://legislature.mi.gov/doc.aspx?2007-SB-0343>

<http://legislature.mi.gov/doc.aspx?2007-SB-0356>