



1995 ASSEMBLY BILL 267

March 29, 1995 - Introduced by Representatives GROBSCHMIDT, R. POTTER, BALDWIN, BOCK, F. LASEE, NOTESTEIN, PLOMBON, ROBSON and R. YOUNG, cosponsored by Senator PLEWA. Referred to Committee on Financial Institutions.

1 **AN ACT to create** 138.052 (3p) of the statutes; **relating to:** residential mortgage
2 loan disclosures relating to mortgage insurance.

Analysis by the Legislative Reference Bureau

Under this bill, if a lender requires a borrower to obtain mortgage insurance as a condition for granting a residential mortgage loan (generally, a loan to purchase a one-family to 4-family dwelling that is used by the buyer as a principal residence), the lender must disclose in writing the cost of the mortgage insurance, how the mortgage insurance may be waived and any other relevant term relating to the mortgage insurance.

Current law does not require written disclosures of terms relating to mortgage insurance. Mortgage insurance is used to protect the lender from loss if the lender is required to foreclose on the mortgage and is often required as a loan condition if the borrower has limited equity in the purchased property.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 138.052 (3p) of the statutes is created to read:
4 138.052 (**3p**) If a lender requires a borrower to obtain mortgage insurance as
5 a condition for a loan, the lender shall, before closing the loan, disclose to the
6 borrower all significant terms and conditions relating to the mortgage insurance.
7 The disclosures shall be in writing and shall include all of the following:

1 (a) The amount of the periodic payment for mortgage insurance and the total
2 amounts paid for mortgage insurance over the term of the loan.

3 (b) When mortgage insurance may be waived and the procedure for doing so.

4 (c) Any limits or conditions on the refundability of any prepaid amounts paid
5 for mortgage insurance.

6 **SECTION 2. Initial applicability.**

7 (1) This act first applies to loans entered into, renewed, extended or modified
8 on the effective date of this subsection.

9 **SECTION 3. Effective date.**

10 (1) This act takes effect on the first day of the 3rd month beginning after
11 publication.

12 (END)