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BILL ANALYSIS

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Senate Bill 1133 (Substitute S-1 as reported by the Committee of the Whole) *(as enacted)*  
Sponsor: Senator Randy Richardville  
Committee: Banking and Financial Institutions

### **CONTENT**

The bill would amend the State Housing Development Authority Act to authorize the Michigan State Housing Development Authority (MSHDA) to make loans to individual purchasers for the refinancing, as well as the acquisition and long-term financing of newly rehabilitated, newly constructed, or existing one- to four-unit housing units; increase the limit on a borrower's family income; and revise the maximum purchase price, and apply that limit to appraised value, in the case of refinancing.

To qualify under the Act, a borrower's family income may not exceed \$74,750 for eligible distressed areas or \$65,000 for any other area. The bill would replace these limits with a maximum family income of \$108,000.

The Act also sets a maximum purchase price, which is three, three and a half, or four times the income limit, for housing that has one or two family units, three units, or four units, respectively. Under the bill, the limit on the purchase price or, in the case of refinancing, the appraised value, generally would be the same as the current limit for housing in a distressed area.

Currently, if the Act's income or purchase price limit exceeds an applicable limit prescribed by the Internal Revenue Code, the Code limit applies. Under the bill, this would be the case if the loan would be financed with the proceeds of a tax-exempt bond.

If a loan were for refinancing, MSHDA would have to determine that one of the units was occupied by the borrower. With regard to refinancing, MSHDA could not enter into any new making, purchasing, or participation in loans to individual purchasers later than three years after the bill's effective date.

The bill is tie-barred to Senate Bills 948, 950, and 951 and to House Bills 5443 and 5446 (which would amend the Act to allow MSHDA to make, purchase, or participate in loans made to individual purchasers for refinancing, and to make other changes to the Act).

MCL 125.1444

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-6-08

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Analysis available @ <http://www.michiganlegislature.org>

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