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BILL ANALYSIS

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Senate Bill 1133 (as introduced 2-19-08)
Sponsor: Senator Randy Richardville
Committee: Banking and Financial Institutions

Date Completed: 2-19-08

CONTENT

The bill would amend the State Housing Development Authority Act to:

- **Allow the Michigan State Housing Development Authority (MSHDA) to make loans to individual purchasers for the refinancing, as well as the acquisition and financing, of housing.**
- **Increase the limit on a borrower's family income.**
- **Revise the maximum purchase price, and apply that limit to appraised value, in the case of refinancing.**
- **Apply a lower income or purchase price limit in the Internal Revenue Code only if a loan were financed with the proceeds of a tax-exempt bond.**

The Act authorizes MSHDA to make, purchase, or participate in loans made to individual purchasers for acquisition and long-term financing of newly rehabilitated, newly constructed, or existing one- to four-unit housing units. The bill also would refer to "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, as shown in the table below.

Maximum Price or Appraised Value

	Current Limit		Proposed Limit
	Distressed Area	Other Area	
1- or 2-family unit	$224,250	$195,000	$224,500
3-family unit	$261,625	$227,500	$261,625
4-family unit	$299,000	$260,000	$299,000

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.

MCL 125.1444 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

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

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