

MICHIGAN FIRST-TIME HOME BUYER SAVINGS PROGRAM ACT (EXCERPT)
Act 6 of 2022

565.1013 Improper use of funds; penalties; exceptions; definitions.

Sec. 13. (1) If funds are withdrawn from an account for any purpose other than the payment of eligible costs by or on behalf of a qualified beneficiary, there is a penalty equal to 10% of the amount withdrawn. The penalty shall be paid to the department.

(2) The penalty does not apply if the funds withdrawn satisfy any of the following:

(a) Withdrawn by reason of the qualified beneficiary's death or disability.

(b) A disbursement of assets of the account pursuant to a filing for protection under the United States bankruptcy code, 11 USC 101 to 1330.

(c) Transferred from an account established pursuant to this act into another account established pursuant to this act for the benefit of another qualified beneficiary as provided in section 7.

(d) Withdrawn by reason of a hardship withdrawal as provided in section 7.

(e) Withdrawn by reason of qualified beneficiary who is a service member who is transferred or deployed out of this state on active duty pursuant to a permanent change of station order and provides proof acceptable to the department that the qualified beneficiary or his or her spouse is assigned to a duty station outside this state under a permanent change of station order.

(3) As used in this section:

(a) "Active duty" means active duty pursuant to an executive order of the President of the United States, an act of Congress, or an order of the governor.

(b) "Armed forces" means that term as defined in section 2 of the veteran right to employment services act, 1994 PA 39, MCL 35.1092.

(c) "Michigan National Guard" means that term as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505.

(d) "Service member" means a member of the armed forces, a reserve branch of the armed forces, or the Michigan National Guard.

History: 2022, Act 6, Imd. Eff. Feb. 9, 2022.