



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1123 (as introduced 5-15-12)
Sponsor: Senator Mark C. Jansen
Committee: Economic Development

(as passed by the Senate)

Date Completed: 5-16-12

CONTENT

The bill would amend the State Housing Development Authority Act to allow the Michigan State Housing Development Authority (MSHDA) to make, purchase, or participate in a loan for acquisition and long-term financing of one- to four-unit housing units, including condominiums, under certain circumstances.

Specifically, MSHDA could make, purchase, or participate in a loan for acquisition and long-term financing of newly rehabilitated, newly constructed, or existing one- to four-unit housing units, including a residential condominium unit, if all of the following requirements were met:

- The loan was made to an individual purchaser or purchasers, whose income did not exceed \$108,000.
- The purchase price of the housing unit did not exceed the greatest of purchase price limits established for similar housing units by Fannie Mae, Freddie Mac, and Ginnie Mae.
- At least one of the dwelling units was owned and occupied by the individual purchaser or purchasers to whom the loan was made.
- MSHDA staff determined that the individual purchaser or purchasers receiving the loan had the ability to repay it.

If MSHDA made, purchased, or participated in such a loan, the Authority could securitize the loan and either hold it or sell it to investors.

"Fannie Mae" would mean the Federal National Mortgage Association established under authority of the Federal National Mortgage Association Charter Act. "Freddie Mac" would mean the Federal Home Loan Mortgage Corporation established under authority of the Federal Home Loan Mortgage Corporation Act. "Ginnie Mae" would mean the Government National Mortgage Association established under authority of the Federal National Mortgage Association Charter Act.

MCL 125.1444

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Most of the operations of the Michigan State Housing Development Authority are conducted independently of the State budget. The proposal would increase MSHDA's revenue options. Any additional revenue would be used to support the programs of the Authority.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.