

# HOUSE BILL No. 5617

May 10, 2012, Introduced by Reps. Zorn, Shaughnessy and Wayne Schmidt and referred to the Committee on Commerce.

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending section 44a (MCL 125.1444a), as amended by 2004 PA 549.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 44a. (1) The authority may make, purchase, or participate  
2 in loans, grants, or deferred payment loans to persons and families  
3 of low and moderate income to finance the rehabilitation of  
4 residential real property designed for occupancy by not more than  
5 24 families that is owned or is being purchased by 1 or more  
6 persons or families of low and moderate income and that is for  
7 occupancy by persons or families of low and moderate income.

8           (2) The authority, without regard to the income of the owners  
9 or occupants of residential rental property, may make, purchase, or  
10 participate in loans, grants, or deferred payment loans for the  
11 rehabilitation of residential rental property to persons or

1 entities owning residential rental property located in areas of  
2 chronic economic distress ~~and~~ **OR** moderate cost residential rental  
3 property located elsewhere in this state.

4 (3) A loan under this section may be secured or unsecured as  
5 determined by the authority. If the loan is unsecured, it shall be  
6 accepted for insurance under title 1 of the national housing act,  
7 12 USC 1702 , ~~1703, 1705, and 1706b to 1706d,~~ **TO 1706F**, or another  
8 federal or private insurance program providing coverage at least  
9 equal to that provided by that title, or the authority shall  
10 establish a reserve for losses on uninsured loans made under this  
11 section and shall deposit into that reserve an amount equal to 5%  
12 of the principal amount of each such uninsured loan on or before  
13 the making of the loan. Money may be withdrawn by the authority  
14 from this reserve for application as loan repayments in connection  
15 with loans that are delinquent. In addition, upon repayment of a  
16 loan made, purchased, or participated in under this section, the  
17 authority may withdraw the amount deposited in the reserve in  
18 connection with that loan, reduced by amounts withdrawn as loan  
19 repayments in connection with the loan, and may apply the amounts  
20 to any of the authority's ~~programs and~~ **CORPORATE** purposes. Income  
21 or interest earned by or increment to the reserve due to the  
22 investment of the money in the reserve may, at the times determined  
23 by the authority, be transferred by the authority to other funds or  
24 accounts of the authority and applied to any of the **AUTHORITY'S**  
25 corporate purposes. ~~of the authority.~~ A loan under this section  
26 shall bear interest at a rate and be repaid in the period, not  
27 exceeding ~~20~~ **30** years, as determined by the authority and under

1 additional terms and conditions as determined by the authority.

2 (4) A deferred payment loan or grant may be secured or  
3 unsecured as determined by the authority, and shall be made under  
4 additional terms and conditions determined by the authority.

5 ~~(5) In recognition of the need for rehabilitation loans,~~  
6 ~~grants, and deferred payment loans in all geographic areas of the~~  
7 ~~state, the~~ **THE** authority shall promulgate rules that provide for  
8 the availability of loans, grants, and deferred payment loans on an  
9 equitable basis to qualified applicants in all geographic areas of  
10 this state. With respect to loans, grants, and deferred payment  
11 loans made pursuant to this section that are not based on residency  
12 in a neighborhood selected ~~under~~ **PURSUANT TO** section 22a(5),  
13 eligibility for loans, grants, or deferred payment loans shall not  
14 be based upon the number of qualified applicants in the geographic  
15 area in which the individual resides.

16 (6) For purposes of this section, persons and families of low  
17 and moderate income means persons and families whose family income  
18 does not exceed ~~the following~~ **175% OF THE STATEWIDE MEDIAN GROSS**  
19 **INCOME AS DETERMINED UNDER SECTION 143 OF THE INTERNAL REVENUE**  
20 **CODE, 26 USC 143.**

21 ~~—— (a) For eligible distressed areas, \$69,800.00 until June 1,~~  
22 ~~2006, \$72,250.00 until November 1, 2007, and \$74,750.00 on and~~  
23 ~~after November 1, 2007.~~

24 ~~—— (b) For any other area, \$60,700.00 until June 1, 2006,~~  
25 ~~\$62,800.00 until November 1, 2007, and \$65,000.00 on and after~~  
26 ~~November 1, 2007.~~

27 (7) The maximum principal loan amounts for ~~home improvement~~

1 **RESIDENTIAL PROPERTY REHABILITATION** loans, exclusive of finance  
2 charges, are as follows:

3 (a) \$50,000.00 for a residential structure containing 1  
4 dwelling unit.  ~~, unless the loan is made in conjunction with~~  
5  ~~additional money provided by a municipality or nonprofit community-~~  
6  ~~based organization, in which case a loan for a residential~~  
7  ~~structure containing 1 dwelling unit is \$35,000.00.~~

8 (b) \$25,000.00 per dwelling unit for a residential structure  
9 containing 2 to 24 dwelling units.

10 (8) A structure is not required to be of a minimum age to be  
11 eligible for rehabilitation under this section.