

# HOUSE BILL No. 5566

December 13, 2007, Introduced by Reps. Johnson, Young and Miller and referred to the Committee on Banking and Financial Services.

A bill to provide assistance to owners of distressed housing; to provide a vehicle for purchase and redemption of residential property faced with foreclosure; to provide for the raising of capital and the issuance of bonds; and to provide for certain duties of certain state agencies.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2       "neighborhood equity protection and foreclosure prevention act".

3       Sec. 2. The community stabilization authority is created in  
4       the department of labor and economic growth.

5       Sec. 3. The authority shall determine geographic areas in this  
6       state where property values and other factors, including, but not  
7       limited to, a high rate of foreclosures on residential housing,  
8       demonstrate the need for community stabilization. The authority

1 shall define the areas served so that participating eligible  
2 financial associations qualify for credit under the community  
3 reinvestment act of 1977, 12 USC 2901 to 2905.

4 Sec. 4. The authority shall develop a program to accept  
5 proposals to reduce the high foreclosure rate in geographic areas  
6 that demonstrate a need for housing stock price and market  
7 stabilization. The authority may do any of the following:

8 (a) Do whatever is necessary to become an entity capable of  
9 acquiring and holding title to property.

10 (b) Raise capital necessary to facilitate operations.

11 (c) Coordinate and work with financial and investment  
12 businesses and organizations to acquire troubled properties in  
13 geographic areas that demonstrate a need for stabilization.

14 (d) Evaluate proposals to acquire properties after any  
15 necessary clear title actions have been brought and after  
16 renovations required by the authority have been completed.

17 (e) Offer acquired and renovated properties for sale through  
18 land contract.

19 (f) Provide proceeds for renovation and develop working  
20 relationships with the businesses that provide renovation services.

21 (g) Develop and distribute a list of approved contractors that  
22 will provide renovations to properties.

23 (h) Borrow money and issue bonds or notes for refunding all or  
24 part of existing bonded or note indebtedness.

25 (i) Make loans to owners of property who are otherwise facing  
26 foreclosure and provide information to those property owners on how  
27 to avoid foreclosure.

1       Sec. 5. Before the authority acquires property, it shall  
2 initiate a clear title action in a court of competent jurisdiction.

3       Sec. 6. The authority shall conduct sales of all renovated  
4 property that it has acquired. The authority shall not dispose of  
5 property for less than full appraised market value. The authority  
6 shall secure itself through land contract. If the purchaser  
7 acquires financing to purchase the property, the authority shall  
8 take a second position to the purchaser's lender.

9       Sec. 7. The authority shall forgive up to 75% of the debt owed  
10 to it by the purchaser over a period of no less than 5 years, if  
11 the property is retained by parties that occupy it and hold title  
12 subject to mortgages or other instruments of finance.

13       Sec. 8. Owners of property who are facing foreclosure in  
14 geographic areas that demonstrate a need for housing stock price  
15 and market stabilization shall be eligible for low-interest loans  
16 and other assistance as determined by the authority. The authority  
17 may also award grants of no more than \$3,000.00 per property in  
18 certain cases. The authority shall develop eligibility criteria for  
19 the loans and grants and shall distribute the criteria to  
20 interested parties and make the availability of the loans and  
21 grants known across this state.