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BILL ANALYSIS



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Senate Bill 577 (Substitute S-1 as reported)
Sponsor: Senator Jud Gilbert, II
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would create the "Owner Built Residence Transfer Act" to regulate the use and sale of a residential structure built by an "owner-builder".

An owner-builder intending to live in the residential structure at the onset of construction would have to do either of the following upon completion of construction and issuance of the occupancy permit, 1) live in the residential structure, or 2) place it up for sale in any manner allowed by law if, due to unforeseen circumstances, he or she were unable to live there. The second option could not be used more than once per calendar year. An owner-builder who actually lived in the residential structure could not sell or transfer ownership of it to another person for at least 120 days after he or she began living in the structure.

When offering a residential structure, an owner-builder would have to supply a notice that the structure was built by an owner-builder who was not a licensed builder. An owner-builder who failed to comply with the disclosure requirements would be liable for repair costs and the buyer's temporary shelter costs. The buyer of an owner-builder residential structure, within 18 months after completion of construction, first occupancy, or purchase, whichever occurred last, could bring an action for damages resulting from a violation of the disclosure requirement.

"Owner-builder" would mean a person who is not a licensed residential builder and who builds, or acts as a general contractor for the construction of, a residential structure in which that individual or a member of his or her family actually resides, or intends to occupy for his or her own use, upon the issuance of an occupancy permit. "Residential structure" would mean premises used or intended to be used for a residence purpose and related facilities appurtenant to the premises used or intended to be used as an adjunct of residential occupancy.

The bill would take effect 180 days after its enactment.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Date Completed: 10-22-07

Fiscal Analyst: Stephanie Yu

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Analysis available @ <http://www.michiganlegislature.org>

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.