



Senate Fiscal Agency  
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BILL



ANALYSIS

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Senate Bill 1160 (as enacted)  
Sponsor: Senator Tom Casperson  
Senate Committee: Banking and Financial Institutions  
House Committee: Appropriations

**PUBLIC ACT 295 of 2012**

Date Completed: 8-7-12

**CONTENT**

**The bill enacted the "Homeowner Protection Fund Act" to create the Homeowner Protection Fund for the deposit of money allocated to the State from consent judgments in *United States v Bank of America Corp.*; and to authorize expenditures from the Fund consistent with those consent judgments.**

Specifically, the State Treasurer must receive for deposit into the Fund money allocated to the State from the April 4, 2012, consent judgments affecting the five largest defendant mortgage loan servicers in *United States v Bank of America Corp.* (No. 12-0361-RMC, U.S. District Court for the District of Columbia). The Treasurer also may receive money or other assets from any other source for deposit into the Fund.

Money in the Fund must be spent, upon appropriation, in a manner and for purposes consistent with the consent judgments in *United States v Bank of America Corp.*

The State Treasurer must be the administrator of the Fund and administer it in consultation with the Department of Attorney General. The Treasurer must direct investment of the Fund and credit to it interest and earnings from investments. Money in the Fund at the close of the fiscal year will remain in the Fund and not lapse to the General Fund.

The Act took effect on August 1, 2012.

MCL 445.1091 & 445.1092

**FISCAL IMPACT**

The State-Federal Foreclosure Settlement designated approximately \$97.2 million for distribution to Michigan for purposes including avoiding preventable foreclosures, alleviating the effects of the foreclosure crisis, law enforcement activities to prevent or prosecute financial fraud or deceptive practices, and compensation to the State for costs resulting from unlawful conduct of the defendants in the suit. The bill creates the Homeowner Protection Fund as a repository for the settlement funds. Appropriations from the Fund are required before any money can be spent; the bill, however, does not make any appropriation.

Public Act 296 of 2012 appropriated \$97.2 million from the Homeowner Protection Fund to the Departments of Attorney General, Education, Military and Veterans Affairs, and Treasury, which include appropriations for the Michigan State Housing Development Authority (MSHDA). The appropriation to MSHDA consists of the following amounts from the Homeowner Protection Fund:

- \$15.0 million – Foreclosure counseling and legal aid for homeowners
- \$25.0 million – Blight elimination
- \$3,709,500 – Michigan Housing and Community Development Program
- \$5.0 million – Home Affordable Refinance Program grants
- \$15.0 million – Assistance to homebuyers
- \$5.0 million – MSU Extension foreclosure counseling

The appropriation to the Department of Treasury includes \$7.5 million from the Fund for restitution to foreclosure rescue scam victims.

(For more detail about the appropriations from the Fund, please see the Senate Fiscal Agency summary of enacted House Bill 5015.)

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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.