

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 577

A bill to regulate certain persons building certain residential structures; to provide for certain disclosures and prescribe certain limitations regarding the transfer of that residential structure; and to provide for remedies and penalties.

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

1           Sec. 1. This act shall be known and may be cited as the "owner  
2 built residence transfer act".

3           Sec. 3. As used in this act:

4           (a) "Owner-builder" means an individual who is not a licensed  
5 residential builder and who builds, or acts as a general contractor  
6 for the construction of, a residential structure in which that  
7 individual or a member of that individual's family actually  
8 resides, or intends to occupy for his or her own use, upon the  
9 issuance of an occupancy permit.

1           (b) "Residential builder" means a person engaged in the  
2 construction of a residential structure or a combination  
3 residential and commercial structure who, for a fixed sum, price,  
4 fee, percentage, valuable consideration, or other compensation,  
5 other than wages for personal labor only, undertakes with another  
6 or offers to undertake or purports to have the capacity to  
7 undertake with another for the erection, construction, replacement,  
8 repair, alteration, or an addition to, subtraction from,  
9 improvement, wrecking of, or demolition of, a residential structure  
10 or combination residential and commercial structure; a person who  
11 manufactures, assembles, constructs, deals in, or distributes a  
12 residential or combination residential and commercial structure  
13 which is prefabricated, preassembled, precut, packaged, or shell  
14 housing; or a person who erects a residential structure or  
15 combination residential and commercial structure except for the  
16 person's own use and occupancy on the person's property.

17           (c) "Residential structure" means a premises used or intended  
18 to be used for a residence purpose and related facilities  
19 appurtenant to the premises used or intended to be used as an  
20 adjunct of residential occupancy.

21           Sec. 5. (1) An owner-builder intending to live in the  
22 residential structure at the onset of construction shall do either  
23 of the following upon completion of construction and issuance of  
24 the occupancy permit regarding a residential structure:

25           (a) Reside in the residential structure.

26           (b) Place the residential structure up for sale in any manner  
27 allowed by law if, due to unforeseen circumstances, the owner-

1 builder is unable to reside in the residential structure. This  
2 subdivision allows the owner-builder to utilize this exception not  
3 more than once per calendar year.

4 (2) An owner-builder who actually lives, full- or part-time,  
5 in that residential structure shall not sell or transfer ownership  
6 of the residential structure to another person for at least 365  
7 days after the owner-builder actually begins living, full- or part-  
8 time, in that residential structure.

9 Sec. 7. (1) An owner-builder who sells the residential  
10 structure, within 2 years or less after the date of the issuance of  
11 the occupancy permit, shall note in the owner-builder notice the  
12 fact that the residential structure was built by the owner.

13 (2) An owner-builder shall supply, at the time of offering the  
14 residential structure and on a separate sheet of paper, an owner-  
15 builder notice stating in 12-point font or larger that the  
16 residential structure was built by an owner-builder that is not a  
17 licensed builder. The notice shall be signed and dated by the  
18 owner-builder.

19 Sec. 9. (1) An owner-builder who fails to make the disclosures  
20 required under this act is liable for the following for up to 24  
21 months after the completion of construction, first occupancy, or  
22 purchase, whichever occurs later:

23 (a) The cost of repair regarding any defects in workmanship.

24 (b) The cost of any repairs needed to bring the structure into  
25 compliance with the building code in effect at the time of the  
26 issuance of the occupancy permit.

27 (c) The cost for temporary shelter for the buyers if the

1 repairs require the buyer to vacate temporarily or if the defects  
2 in the residential structure render it uninhabitable.

3 (2) The buyer of an owner-builder residential structure may  
4 bring an action in a court of competent jurisdiction for damages  
5 resulting from a violation of the disclosures required under this  
6 act. The action shall be brought not later than 24 months after  
7 completion of construction, first occupancy, or purchase, whichever  
8 comes later. If the buyer prevails in whole or part in an action  
9 brought under this section, the court shall award cost and actual  
10 attorney fees.

11 (3) The remedies under this act are cumulative and the use of  
12 a remedy under this act does not prevent the use of any other  
13 remedies allowed under law.

14 Sec. 11. This act takes effect 180 days after the date it is  
15 enacted into law.