

HOUSE BILL No. 4505

April 15, 1987, Introduced by Reps. Saunders, Harrison, Murphy, Banks, DeMars, Joe Young, Sr., Bennane, Leland, Hertel, Stabenow, Jondahl, Bartnik, Maynard, Spaniola, Clack, Rocca, Griffin, Gagliardi, Weeks, Niederstadt, Gubow, Palamara, Dobronski, Smith, Sitz, Joe Young, Jr., Hunter, Watkins, Stallworth, Lynn Owen, Jonker, Browne, Kosteva, Gire, Kilpatrick, DeBeaussiaert, Scott, Farhat, Hart, Brown, Hollister, Jacobetti, Varga, Sofio, Hood, Barns, Porreca, Perry Bullard, Oxender and Hillegonds and referred to the Committee on Urban Affairs.

A bill to amend the title and sections 1, 11, 22, 25, 32, 44, and 44c of Act No. 346 of the Public Acts of 1966, entitled as amended

"State housing development authority act of 1966,"

sections 1 and 11 as amended by Act No. 215 of the Public Acts of 1984, sections 22, 32, 44, and 44c as amended by Act No. 183 of the Public Acts of 1985, and section 25 as amended by Act No. 49 of the Public Acts of 1983, being sections 125.1401, 125.1411, 125.1422, 125.1425, 125.1432, 125.1444, and 125.1444c of the Michigan Compiled Laws; and to add sections 44d, 44e, 99, and 99a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 1, 11, 22, 25, 32, 44,
2 and 44c of Act No. 346 of the Public Acts of 1966, sections 1 and
3 11 as amended by Act No. 215 of the Public Acts of 1984, sections

1 22, 32, 44, and 44c as amended by Act No. 183 of the Public Acts
2 of 1985, and section 25 as amended by Act No. 49 of the Public
3 Acts of 1983, being sections 125.1401, 125.1411, 125.1422,
4 125.1425, 125.1432, 125.1444, and 125.1444c of the Michigan
5 Compiled Laws, are amended and sections 44d, 44e, 99, and 99a are
6 added to read as follows:

7 TITLE

8 An act to create a state housing development authority; to
9 define the powers and duties of the authority; to establish a
10 housing development revolving fund; to establish a land acquisi-
11 tion and development fund; to establish a rehabilitation fund; to
12 establish a conversion condominium fund; to authorize the making
13 and purchase of loans, deferred payment loans, and grants to
14 qualified developers, sponsors, individuals, mortgage lenders,
15 and municipalities; TO AUTHORIZE THE CREATION OF SUBSIDIARY
16 AUTHORITIES FOR CERTAIN PURPOSES; TO AUTHORIZE THE AUTHORITY OR A
17 SUBSIDIARY AUTHORITY TO DEVELOP AND OWN HOUSING FOR QUALIFIED LOW
18 AND MODERATE INCOME HOUSEHOLDS; to establish and provide acceler-
19 ation and foreclosure procedures; to provide tax exemption; to
20 authorize payments in lieu of taxes by nonprofit housing corpora-
21 tions, consumer housing cooperatives, limited dividend housing
22 corporations, mobile home park corporations, and mobile home park
23 associations; and to prescribe criminal penalties for violations
24 of this act.

25 Sec. 1. (1) The legislature hereby determines that there
26 exists in the state a seriously inadequate supply of, and a
27 pressing need for, safe and sanitary dwelling accommodations

1 within the financial means of low income or moderate income
2 families or persons, including those families and persons dis-
3 placed by the clearing of slums and blighted areas or by other
4 public programs; that there exists in this state a high incidence
5 of residential real property occupied by persons of low and mod-
6 erate income which is not safe, sanitary, or adequate and that
7 there is a pressing need for rehabilitation of that property;
8 that large areas in municipalities have become blighted or,
9 through programs to remove blight, have become vacant, resulting
10 in the impairment or loss of taxable values upon which municipal
11 revenue largely depends; that large numbers of middle and upper
12 income persons and families have left municipalities which have
13 high concentrations of low income persons and families resulting
14 in a high demand for municipal services notwithstanding a low
15 potential for generating revenues necessary to pay for those
16 services; that the existence of blight, the inability to rede-
17 velop cleared areas, and the lack of economic integration is det-
18 rimental to the general welfare of the citizens of this state and
19 the economic welfare of municipalities in this state; that the
20 financing of housing for persons and families without regard to
21 income will assist in preserving existing values of property
22 within or adjacent to blighted or cleared areas; that economic
23 integration will promote the financial and social stability of
24 housing for families and persons of low and moderate income; that
25 in order to improve and maintain the general character of munic-
26 palities having the aforesaid characteristics, it is necessary to
27 promote the development of housing for persons and families

1 without regard to income; that to increase the availability of
2 safe and sanitary housing generally it is necessary to facilitate
3 the purchase of existing housing by making financing for the pur-
4 chase of existing housing available at affordable interest rates;
5 that there are inadequate social, recreational, commercial, and
6 communal facilities in residential areas inhabited by low income
7 or moderate income families or persons and in areas blighted or
8 vacant because of slum clearance, and that housing financed pur-
9 suant to this act will not be viable without adequate social,
10 recreational, commercial, and communal facilities in the sur-
11 rounding area; and that it is a valid public purpose to finance
12 the acquisition and rehabilitation of existing housing or the
13 construction of additional housing for those low or moderate
14 income families and persons who would otherwise be unable to
15 obtain adequate and affordable dwellings, to finance the rehabil-
16 itation of residential real property occupied or to be occupied
17 by persons and families of low and moderate income who would oth-
18 erwise be unable to afford the purchase or rehabilitation of res-
19 idential real property which is safe, sanitary, or adequate, to
20 finance housing for persons and families without regard to income
21 in areas in municipalities which are experiencing blight or
22 inability to redevelop land cleared of blight which are
23 ~~predominantly~~ PREDOMINATELY populated by low and moderate
24 income persons and families, to finance social, recreational,
25 commercial, and communal facilities to serve those families or
26 persons, to enhance authority-financed housing, to establish and
27 provide acceleration and foreclosure procedures for

1 authority-financed housing, and to acquire land for present or
2 future development including that housing and social, recreation-
3 al, commercial, and communal facilities; that it is a valid
4 public purpose to finance safe, sanitary, and adequate mobile
5 homes, mobile home parks, and mobile home condominium projects
6 for persons and families of low and moderate income in order to
7 facilitate the provision of affordable housing for such persons,
8 to finance mobile homes, mobile home parks, and mobile home con-
9 dominium projects without regard to income in areas in municipal-
10 ities which are experiencing blight or inability to redevelop
11 land cleared of blight which are predominately populated by low
12 and moderate income persons and families, and to finance social,
13 recreational, commercial, and communal facilities in mobile home
14 parks and mobile home condominium projects, the financing of
15 mobile homes, mobile home parks, and mobile home condominium
16 projects being necessary to fill a gap in the housing market.

17 (2) It is further determined that the supply of low and mod-
18 erate cost housing available for occupancy by certain handicapped
19 persons and certain elderly persons is being eroded through
20 greatly increasing rental rates, and the conversion of low and
21 moderate cost rental units into condominium units which are then
22 sold at prices and under financing terms which are not affordable
23 to those handicapped persons and elderly persons. It is further
24 determined that it is a proper public purpose to prevent the ero-
25 sion of the supply of existing low and moderate cost housing
26 available for occupancy by certain handicapped persons and
27 elderly persons by taking appropriate action to prevent the

1 displacement of those handicapped persons and elderly persons
2 from existing low and moderate cost housing, including the making
3 of loans enabling those handicapped persons and elderly persons
4 to continue to rent the units in which they reside.

5 (3) It is further determined that to assure an adequate
6 supply of safe and sanitary housing for families of low and mod-
7 erate income within the financial means of those families, it is
8 necessary to facilitate the purchase of safe and sanitary exist-
9 ing housing by those families; that, in addition, new
10 single-family housing construction is inhibited by the inability
11 of prospective purchasers to sell existing single-family resi-
12 dences, and that those conditions result in the reduction of the
13 number of safe and sanitary dwellings which would otherwise be
14 made available to persons of low and moderate income; and that
15 the depressed economy and decreased employment in this state are
16 detrimental to the general welfare of the citizens of this
17 state. It is further determined that it is necessary in order to
18 alleviate those conditions and is a valid public purpose to pro-
19 vide for the financing, with the assistance of the authority, of
20 the purchase of existing single-family residences for occupancy
21 by low and moderate income families and families without regard
22 to income in areas in municipalities which are experiencing
23 blight or inability to redevelop land cleared of blight and which
24 are predominately populated by low and moderate income persons
25 and families.

26 (4) It is further determined that there exists in this state
27 a high incidence of residential rental property which is not

1 safe, sanitary, adequate, or energy efficient, and that there is
2 a pressing need for the rehabilitation of residential rental
3 property in order to preserve and improve the state's existing
4 housing stock. It is further determined that it is necessary in
5 order to alleviate those conditions and is a valid public purpose
6 to provide for the financing, with the assistance of the authori-
7 ty, of the rehabilitation of existing residential rental property
8 without regard to the income of the persons or entities owning
9 the property or of the tenants of the property.

10 (5) IT IS FURTHER DETERMINED THAT DUE TO INADEQUATE PARTICI-
11 PATION BY THE FEDERAL GOVERNMENT AND THE PRIVATE SECTOR IN THE
12 DEVELOPMENT OF HOUSING FOR PERSONS AND FAMILIES OF LOW OR MODER-
13 ATE INCOME, THE DEVELOPMENT AND OWNERSHIP OF HOUSING BY THE
14 AUTHORITY OR A SUBSIDIARY AUTHORITY FOR PERSONS OF LOW AND MODER-
15 ATE INCOME IS NECESSARY TO PROVIDE AN ADEQUATE SUPPLY OF SAFE AND
16 SANITARY DWELLING ACCOMMODATIONS IN THIS STATE FOR PERSONS OF LOW
17 AND MODERATE INCOME.

18 (6) ~~(5)~~ It is further determined that there is a statewide
19 pressing need for programs to alleviate and prevent conditions of
20 unemployment in the housing industry, to preserve existing jobs
21 and create new jobs to meet the employment demands of population
22 growth, to promote the development of construction related busi-
23 ness enterprises, to revitalize and diversify the Michigan econ-
24 omy in general, and to achieve the goals of economic growth and
25 full employment.

1 (7) ~~-(6)-~~ It is further determined that the construction and
2 rehabilitation of safe and sanitary dwellings are necessary to
3 the creation and retention of jobs in the state.

4 (8) ~~-(7)-~~ It is further determined that the retention, pro-
5 motion, and development of the housing industry require addi-
6 tional means of financing to help existing business enterprises
7 expand more rapidly, to promote the location of additional busi-
8 ness enterprises in this state, and to alleviate and prevent con-
9 ditions of unemployment.

10 (9) ~~-(8)-~~ The legislature finds that the conditions
11 described in subsections (1) to ~~-(7)-~~ (8) cannot be remedied by
12 the ordinary operation of private enterprise without supplemen-
13 tary public participation and that the authority and powers con-
14 ferred by this act constitute a necessary program and serve a
15 valid public purpose.

16 Sec. 11. As used in this act:

17 (a) "Authority" means the state housing development author-
18 ity created in this act.

19 (b) "Development costs" means the costs which have been
20 approved by the authority as appropriate expenditures, and
21 includes:

22 (i) Payments for options to purchase properties on the pro-
23 posed housing project site, deposits on contracts of purchase,
24 or, with the prior approval of the authority, payments for the
25 purchases of those properties.

26 (ii) Legal, organizational, and marketing expenses,
27 including payment of attorneys' fees, project manager and

1 clerical staff salaries, office rent, and other incidental
2 expenses.

3 (iii) Payment of fees for preliminary feasibility studies,
4 advances for planning, engineering, and architectural work.

5 (iv) Expenses for surveys as to need, and market analyses.

6 (v) Necessary application and other fees to federal and
7 other government agencies.

8 (vi) Other expenses incurred by the nonprofit housing corpo-
9 ration, consumer housing cooperative, limited dividend housing
10 corporation, mobile home park corporation, or mobile home park
11 association which the authority considers appropriate to effectu-
12 ate the purposes of this act.

13 (c) "Federally-aided mortgage" means any of the following:

14 (i) A below market interest rate mortgage insured, pur-
15 chased, or held by the secretary of the department of housing and
16 urban development.

17 (ii) A market interest rate mortgage insured by the secre-
18 tary of housing and urban development and augmented by a program
19 of rent supplements.

20 (iii) A mortgage receiving interest reduction payments pro-
21 vided by the secretary of housing and urban development.

22 (iv) A mortgage receiving special benefits under other fed-
23 eral law designated specifically to develop low and moderate
24 income housing, consistent with this act.

25 (d) "Fund" means the housing development fund created by
26 this act.

1 (e) "Project cost" means the sum total of all reasonable or
2 necessary costs incurred by the nonprofit housing corporation,
3 consumer housing cooperative, limited dividend housing corpora-
4 tion, mobile home park corporation, or mobile home park associa-
5 tion for carrying out all works and undertakings for the comple-
6 tion of a housing project and approved by the authority. In
7 addition to other reasonable and necessary costs, "project costs"
8 includes costs for all of the following: studies and surveys;
9 plans, specifications, and architectural and engineering serv-
10 ices; legal, organization, marketing, or other special services;
11 financing, acquisition, demolition, construction, equipment, and
12 site development of new and rehabilitated buildings; movement of
13 existing buildings to other sites; rehabilitation, reconstruc-
14 tion, repair, or remodeling of existing buildings; carrying
15 charges during construction; the cost of placement of tenants or
16 occupants, and relocation services in connection with a housing
17 project; and, to the extent not already included, all development
18 costs.

19 (f) "Housing project" means any of the following:

20 (i) Residential real property developed or to be developed
21 or receiving benefits under this act.

22 (ii) A specific work or improvement either for rental or for
23 subsequent sale to an individual purchaser undertaken by a non-
24 profit housing corporation, consumer housing cooperative, limited
25 dividend housing corporation, mobile home park corporation, or
26 mobile home park association pursuant to or receiving benefits
27 under this act to provide dwelling accommodations, including the

1 acquisition, construction, or rehabilitation of lands, buildings,
2 and improvements.

3 (iii) Social, recreational, commercial, and communal facili-
4 ties as the authority finds necessary to serve and improve a res-
5 idential area in which housing pursuant to subparagraph (i) or
6 (ii) is located or is planned to be located, thereby enhancing
7 the viability of the housing.

8 (g) "Low income or moderate income persons" means families
9 and persons who cannot afford to pay the amounts at which private
10 enterprise, without federally-aided mortgages or loans from the
11 authority, is providing a substantial supply of decent, safe, and
12 sanitary housing and who fall within income limitations set by
13 the authority in its rules. Among low income or moderate income
14 persons, preference shall be given to the elderly and those dis-
15 placed by urban renewal, slum clearance, or other governmental
16 action.

17 (h) "Municipality" means a city, village, or township in
18 this state.

19 (i) "County" means a county within this state.

20 (j) "Governing body" means in the case of a city, the coun-
21 cil or commission of the city; in the case of a village, the
22 council, commission, or board of trustees of the village; in the
23 case of a township, the township board; and in the case of a
24 county, the county board of commissioners.

25 (k) "Nonprofit housing corporation" means a nonprofit corpo-
26 ration incorporated pursuant to the corporation laws of this
27 state and chapter 4.

1 (l) "Consumer housing cooperative" means a nonprofit
2 corporation incorporated pursuant to the corporation laws of this
3 state and chapter 5.

4 (m) "Annual shelter rent" means the total collections during
5 an agreed annual period from all occupants of a housing project
6 representing rent or occupancy charges, exclusive of charges for
7 gas, electricity, heat, or other utilities furnished to the
8 occupants.

9 (n) "Taxing jurisdiction" means a municipality, county, or
10 district, including a school district or any special district
11 having the power to levy or collect taxes upon real property or
12 in whose behalf taxes may be levied or collected.

13 (o) "Elderly" means a family where the head of the household
14 is 62 years of age or older or a single person who is 62 years of
15 age or older.

16 (p) "Housing development" means a development which contains
17 a significant element of housing for persons of low or moderate
18 income and elements of other housing and commercial, recreation-
19 al, industrial, communal, and educational facilities which the
20 authority determines improve the quality of the development as it
21 relates to housing for persons of low or moderate income.

22 (q) "Limited dividend housing corporation" means a corpora-
23 tion incorporated or qualified pursuant to the corporation laws
24 of this state and chapter 6 and a limited dividend housing asso-
25 ciation organized and qualified pursuant to chapter 7.

26 (r) "Residential real property" means real property located
27 in this state, used for residential purposes, and improved or to

1 be improved by a residential structure. Residential real
2 property includes a mobile home, a mobile home park, and a mobile
3 home condominium project. When the terms "rehabilitate" or
4 "rehabilitation" are used in conjunction with residential real
5 property, residential real property refers to property improved
6 by a residential structure.

7 (s) "Rehabilitation" means all or part of those repairs and
8 improvements necessary to make residential real property safe,
9 sanitary, or adequate.

10 (t) "Deferred payment loan" means a loan which is repayable
11 or partially repayable upon the occurrence of a specified event
12 as determined by the authority.

13 (u) "Eligible distressed area" means any of the following:

14 (i) An area located in a city with a population of at least
15 10,000 which area is either designated as a "blighted area" by a
16 local legislative body pursuant to Act No. 344 of the Public Acts
17 of 1945, as amended, being sections 125.71 to 125.84 of the
18 Michigan Compiled Laws, or which is determined by the authority
19 to be blighted, or largely vacant by reason of clearance of
20 blight, if, with respect to the area, the authority determines
21 all of the following:

22 (A) That private enterprise has failed to provide a supply
23 of adequate, safe, and sanitary dwellings sufficient to meet
24 market demand.

25 (B) That approval of elimination of income limits applicable
26 in connection with authority loans has been received from the
27 city in the form of either a resolution adopted by the highest

1 legislative body of the city or, if the city charter provides for
2 the mayor to be elected at large with that office specifically
3 designated on the ballot, provides that the office of mayor is a
4 full-time position, and provides that the mayor has the power to
5 veto legislative actions of the legislative body of that city, a
6 written communication from the mayor of that city.

7 (ii) A municipality which meets all of the following
8 requirements:

9 (A) The municipality shows a negative population change from
10 1970 to the date of the most recent federal decennial census.

11 (B) The municipality shows an overall increase in the state
12 equalized value of real and personal property of less than the
13 statewide average increase since 1972.

14 (C) The municipality has a poverty rate, as defined by the
15 most recent federal decennial census, greater than the statewide
16 average.

17 (D) The municipality is eligible for the federal urban
18 development action grant program pursuant to section 119 of the
19 housing and community development act of 1974, 42 U.S.C. 5318.

20 (E) The municipality has had an unemployment rate higher
21 than the statewide average unemployment rate for 3 of the preced-
22 ing 5 years.

23 (iii) An area in a city with a population of more than
24 20,000 which area is within the boundaries of a downtown develop-
25 ment authority established under Act No. 197 of the Public Acts
26 of 1975, being sections 125.1651 to 125.1680 of the Michigan

1 Compiled Laws, as those boundaries were constituted on May 1,
2 1984.

3 (v) "Mobile home" means a structure, transportable in 1 or
4 more sections, which is built on a chassis and is designed to be
5 used as a dwelling with or without permanent foundation, when
6 connected to the required utilities, and includes the plumbing,
7 heating, air conditioning, and electrical systems contained in
8 the structure. Mobile home may, but need not, include the real
9 property to which the mobile home may be attached. Mobile home
10 does not include a recreational vehicle.

11 (w) "Mobile home condominium project" means a condominium
12 project in which mobile homes are intended to be located upon
13 separate sites which constitute individual condominium units and
14 which complies with Act No. 59 of the Public Acts of 1978, as
15 amended, being sections 559.101 to 559.275 of the Michigan
16 Compiled Laws.

17 (x) "Mobile home park" means a parcel or tract of land under
18 the control of a person or entity upon which 3 or more mobile
19 homes are located on a continual, nonrecreational, residential
20 basis and which is offered to the public for general public use
21 for continual, nonrecreational, residential purposes regardless
22 of whether a charge is made therefor, together with any social,
23 recreational, commercial, and communal facilities used or
24 intended for use incident to the occupancy of a mobile home.
25 Mobile home park does not include trailer parks and courts for
26 use on a transient basis.

1 (y) "Mobile home park association" means a mobile home park
2 association organized and qualified pursuant to chapter 9.

3 (z) "Mobile home park corporation" means a corporation
4 incorporated pursuant to the corporation laws of this state and
5 qualified pursuant to chapter 8.

6 (aa) "Housing unit" means living accommodations which are
7 intended for occupancy by a single family and which are owned by
8 the occupant thereof. A housing unit may be site constructed or
9 may be a mobile home or other form of manufactured housing.

10 (bb) "Moderate cost residential rental property" means
11 dwelling units for which the rental payment is equal to or less
12 than that established from time to time as the fair market rents
13 for existing housing pursuant to 1 of the following:

14 (i) The section 8 leased housing program established under
15 section 8 of the United States housing code of 1937,
16 42 U.S.C. 1437 to 1437l, and the regulations promulgated under
17 that act, or a substantially equivalent successor federal
18 program.

19 (ii) A determination made by the authority of the average
20 fair market rent for existing rental property.

21 (cc) "Area of chronic economic distress" means an area which
22 qualifies as a "qualified census tract" or an "area of chronic
23 economic distress" as defined in section 103A(k) of the internal
24 revenue code, or an eligible distressed area.

25 (dd) "Mortgage lender" means a state or national bank, state
26 or federal savings and loan association, mortgage company,
27 insurance company, any state pension fund, or any other financial

- 1 institution, intermediary, or entity authorized to make mortgage
2 loans in this state.

3 (ee) "Authority-aided mortgage" means a mortgage made, held,
4 purchased, or assisted by the authority.

5 (FF) "SUBSIDIARY AUTHORITY" MEANS AN ENTITY CREATED UNDER
6 SECTION 99.

7 Sec. 22. The authority shall possess all powers necessary
8 or convenient to carry out this act, including the following
9 powers in addition to other powers granted by other provisions of
10 this act:

11 (a) To sue and to be sued; to have a seal and to alter the
12 seal at pleasure; to have perpetual succession; to make and exe-
13 cute contracts and other instruments necessary or convenient to
14 the exercise of the powers of the authority; and to make, amend,
15 and repeal bylaws and rules.

16 (b) To undertake and carry out studies and analyses of hous-
17 ing needs within this state and ways of meeting those needs,
18 including data with respect to population and family groups, the
19 distribution of population and family groups according to income,
20 and the amount and quality of available housing and its distribu-
21 tion according to rentals and sales prices, employment, wages,
22 and other factors affecting housing needs and the meeting of
23 housing needs; to make the results of those studies and analyses
24 available to the public and the housing and supply industries;
25 and to engage in research and disseminate information on
26 housing.

1 (c) To agree and comply with conditions attached to federal
2 financial assistance.

3 (d) To survey and investigate housing conditions and needs,
4 both urban and rural, throughout this state and make recommenda-
5 tions to the governor and the legislature regarding legislation
6 and other measures necessary or advisable to alleviate any exist-
7 ing housing shortage in this state.

8 (e) To establish and collect fees and charges in connection
9 with the sale of the authority's publications and the authority's
10 loans, commitments, and servicing, including but not limited to
11 the reimbursement of costs of financing by the authority, service
12 charges, and insurance premiums as the authority determines to be
13 reasonable and as approved by the authority. Fees and charges
14 shall be determined by the authority and shall not be considered
15 to be interest. The authority may use any accumulated fees and
16 charges and interest income for achieving any of the corporate
17 purposes of the authority, to the extent that the fees, charges,
18 and interest income are not pledged to the repayment of bonds and
19 notes of the authority or the interest on those bonds and notes.

20 (f) To encourage community organizations to assist in initi-
21 ating housing projects as provided in this act.

22 (g) To encourage the salvage of all possible usable housing
23 scheduled for demolition because of highway, school, urban renew-
24 al, or other programs by seeking authority for the sponsors of
25 the programs to use funds provided for the demolition of the
26 buildings, to be allocated to those sponsors approved by the

1 authority to defray moving and rehabilitation costs of the
2 buildings.

3 (h) To engage and encourage research in, and to formulate
4 demonstration projects to develop, new and better techniques and
5 methods for increasing the supply of housing for persons eligible
6 for assistance as provided in this act; and to provide technical
7 assistance in the development of housing projects and in the
8 development of programs to improve the quality of life for all
9 the people of this state.

10 (i) To make or purchase loans, including loans for condomin-
11 ium units as defined in section 4 of Act No. 59 of the Public
12 Acts of 1978, being section 559.104 of the Michigan Compiled
13 Laws, and including loans to mortgage lenders, which are unse-
14 cured or the repayments of which are secured by mortgages, secur-
15 ity interests, or other forms of security; to purchase and enter
16 into commitments for the purchase of securities, certificates of
17 deposits, time deposits, or mortgage loans from mortgage lenders;
18 to participate in the making or purchasing of unsecured or
19 secured loans and undertake commitments to make or purchase unse-
20 cured or secured loans; to sell mortgages, security interests,
21 notes, and other instruments or obligations evidencing or secur-
22 ing loans, including certificates evidencing interests in 1 or
23 more loans, at public or private sale; to modify or alter mort-
24 gages and security interests; to foreclose on any mortgage,
25 security interest, or other form of security; to finance housing
26 units; to commence an action to protect or enforce a right
27 conferred upon the authority by law, mortgage, security

1 agreement, contract, or other agreement; to bid for and purchase
2 property which was the subject of the mortgage, security inter-
3 est, or other form of security, at a foreclosure or at any other
4 sale, and to acquire or take possession of the property. Upon
5 acquiring or taking possession of the property, the authority may
6 complete, administer, and pay the principal and interest of obli-
7 gations incurred in connection with the property, and may dispose
8 of and otherwise deal with the property in any manner necessary
9 or desirable to protect the interests of the authority in the
10 property. If the authority or an entity which provides mortgage
11 insurance to the authority acquires property upon the default of
12 a borrower, the authority may make a mortgage loan to a subse-
13 quent purchaser of that property even if the purchaser does not
14 meet otherwise applicable income limitations and purchase price
15 limits.

16 (j) To set standards for housing projects which receive
17 loans under this act and to provide for inspections to determine
18 compliance with those standards. The standards for construction
19 and rehabilitation of mobile homes, mobile home parks, and mobile
20 home condominium projects shall be established jointly by the
21 authority and the mobile home commission, created in the mobile
22 home commission act, Act No. 419 of the Public Acts of 1976,
23 being sections 125.1101 to 125.1147 of the Michigan Compiled
24 Laws. However, financing standards shall be established solely
25 by the authority.

26 (k) To accept gifts, grants, loans, appropriations, or other
27 aid from the federal, state, or local government, from a

1 subdivision, agency, or instrumentality of a federal, state, or
2 local government, or from a person, corporation, firm, or other
3 organization.

4 (l) To acquire or contract to acquire from a person, firm,
5 corporation, municipality, or federal or state agency, by grant,
6 purchase, or otherwise, leaseholds or real or personal property,
7 or any interest in a leasehold or real or personal property; to
8 own, hold, DEVELOP, CONSTRUCT, MANAGE, clear, improve, and reha-
9 bilitate and to sell, assign, exchange, transfer, convey, lease,
10 mortgage, or otherwise dispose of or encumber any interest in a
11 leasehold or real or personal property. This act shall not
12 impede the operation and effect of local zoning, building, and
13 housing ordinances, ordinances relating to subdivision control,
14 land development, or fire prevention, or other ordinances having
15 to do with housing or the development of housing.

16 (m) To procure insurance against any loss in connection with
17 the property and other assets of the authority.

18 (n) To invest, at the discretion of the authority, funds
19 held in reserve or sinking funds, or moneys not required for
20 immediate use or disbursement, in obligations of this state or of
21 the United States, in obligations the principal and interest of
22 which are guaranteed by this state or the United States, or in
23 other obligations as may be approved by the state treasurer.

24 (o) To promulgate rules necessary to carry out the purposes
25 of this act and to exercise the powers expressly granted in this
26 act pursuant to the administrative procedures act of 1969, Act

1 No. 306 of the Public Acts of 1969, as amended, being sections
2 24.201 to 24.328 of the Michigan Compiled Laws.

3 (p) To enter into agreements with nonprofit housing corpora-
4 tions, consumer housing cooperatives, limited dividend housing
5 corporations, mobile home park corporations, and mobile home park
6 associations, which provide for regulation by the authority of
7 the planning, development, and management of any housing project
8 undertaken by nonprofit housing corporations, consumer housing
9 cooperatives, limited dividend housing corporations, mobile home
10 park corporations, and mobile home park associations and which
11 provide for the disposition of the property and franchises of
12 those corporations, cooperatives, and associations.

13 (q) To appoint to the board of directors of a nonprofit
14 housing corporation, consumer housing cooperative, limited divi-
15 dend housing corporation, mobile home park corporation, or mobile
16 home park association, a number of new directors sufficient to
17 constitute a majority of the board notwithstanding other provi-
18 sions of the articles of incorporation or other provisions of
19 law. Directors appointed under this subsection need not be
20 stockholders or members or meet other qualifications which may be
21 described by the certificate of incorporation or bylaws. In the
22 absence of fraud or bad faith, directors appointed under this
23 subsection shall not be personally liable for debts, obligations,
24 or liabilities of the corporation or association. The authority
25 may appoint directors under this subsection only if any of the
26 following occurs:

1 (i) The nonprofit housing corporation, consumer housing
2 cooperative, limited dividend housing corporation, mobile home
3 park corporation, or mobile home park association has received a
4 loan or advance, as provided for in this act, and the authority
5 determines that the loan or advance is in jeopardy of not being
6 repaid.

7 (ii) The nonprofit housing corporation, consumer housing
8 cooperative, limited dividend housing corporation, mobile home
9 park corporation, or mobile home park association received a loan
10 or advance as provided for in this act and the authority deter-
11 mines that the proposed housing project for which the loan or
12 advance was made is in jeopardy of not being constructed.

13 (iii) The authority determines that some part of the net
14 income or net earnings of the nonprofit housing corporation is
15 inuring to the benefit of a private individual, firm, corpora-
16 tion, partnership, or association; the authority determines that
17 an unreasonable part of the net income or net earnings of the
18 consumer housing cooperative is inuring to the benefit of a pri-
19 vate individual, firm, corporation, partnership, or association;
20 or the authority determines that some part of the net income or
21 net earnings of the limited dividend housing corporation, in
22 excess of that permitted by other provisions of this act, is
23 inuring to the benefit of a private individual, firm, corpora-
24 tion, partnership, or association.

25 (iv) The authority determines that the nonprofit corporation
26 or consumer housing cooperative is in some manner controlled by,
27 under the direction of, or acting in the substantial interest of,

1 a private individual, firm, corporation, partnership, or
2 association seeking to derive benefit or gain therefrom or seek-
3 ing to eliminate or minimize losses in any dealings or transac-
4 tions therewith. However, this subparagraph shall apply to indi-
5 vidual cooperators in consumer housing cooperatives only in cir-
6 cumstances defined by the authority in its rules.

7 (v) The authority determines that the nonprofit housing cor-
8 poration, consumer housing cooperative, or limited dividend hous-
9 ing corporation is in violation of the rules promulgated under
10 this section, or the authority determines that the mobile home
11 park corporation or mobile home park association is in violation
12 of the rules promulgated under this section.

13 (vi) The authority determines that the nonprofit housing
14 corporation, consumer housing cooperative, limited dividend hous-
15 ing corporation, mobile home park corporation, or mobile home
16 park association is in violation of 1 or more agreements entered
17 into with the authority which provide for regulation by the
18 authority of the planning, development, and management of a hous-
19 ing project undertaken by the nonprofit housing corporation, con-
20 sumer housing cooperative, limited dividend housing corporation,
21 mobile home park corporation, or mobile home park association or
22 which provide for the disposition of the property and franchises
23 of the corporation, or cooperative, or association.

24 (r) To give approval or consent to the articles of incorpo-
25 ration submitted to the authority by a corporation seeking
26 approval as a nonprofit housing corporation, consumer housing
27 cooperative, limited dividend housing corporation, or mobile home

1 park corporation under chapter 4, 5, 6, or 8; to give approval or
2 consent to the partnership agreement, joint venture agreement,
3 trust agreement, or other document of basic organization of a
4 limited dividend housing association under chapter 7 or mobile
5 home park association under chapter 9.

6 (s) To engage the services of private consultants on a con-
7 tract basis for rendering professional and technical assistance
8 and advice.

9 (t) To lease real or personal property and to accept federal
10 funds for, and participate in, federal programs of housing
11 assistance.

12 (u) To review and approve rental charges for
13 authority-financed housing projects and require whatever changes
14 the authority determines to be necessary. The changes shall
15 become effective after giving not less than 30 days' written
16 notice to the residents of the affected authority-financed hous-
17 ing projects.

18 (v) To set forth in the various loan documents of the
19 authority, those restrictions on the sale, conveyance by land
20 contract, or transfer of residential real property, housing
21 projects, or housing units for which a note is held by the
22 authority and restrictions on the assumption by subsequent pur-
23 chasers of loans originated by and held by, or originated for
24 purchase by and held by, the authority as the authority deter-
25 mines to be necessary in order to comply with requirements of
26 federal statutes, federal rules or regulations promulgated
27 pursuant to sections 551 to 559 of Public Law 89-554, 5

1 U.S.C. 551 to 559, state statutes, or state rules promulgated
2 pursuant to THE ADMINISTRATIVE PROCEDURES ACT OF 1969, Act
3 No. 306 of the Public Acts of 1969, as amended, BEING SECTIONS
4 24.201 TO 24.328 OF THE MICHIGAN COMPILED LAWS, or to obtain and
5 maintain the tax exempt status of authority bonds and notes.
6 However, the authority shall not use a due on sale or accelera-
7 tion clause solely for the purpose of renegotiating the interest
8 rate on a loan made with respect to an owner-occupied
9 single-family housing unit. Without limiting the authority's
10 power to establish other restrictions, as provided in this sec-
11 tion, on the sale, conveyance by land contract, or transfer of
12 residential real property, housing projects, or housing units for
13 which a note is held by the authority and the assumption by sub-
14 sequent purchasers of loans made or purchased by the authority,
15 the authority shall provide in its loan documents relating to a
16 single family loan that the single family loan may be assumed by
17 a new purchaser only when the new purchaser qualifies under the
18 authority income limitations rules except where such a restric-
19 tion diminishes or precludes the insurance or a guarantee by an
20 agency of the federal government with respect to the single
21 family loan. A loan made for a mobile home which the borrower
22 does not intend to permanently affix to real property shall
23 become immediately due and payable in the event the mobile home
24 is moved out of the state. Any restrictions on conveyance by
25 sale, conveyance by land contract, or transfer which are autho-
26 rized in this section shall apply only to loans originated by and
27 held by, or originated for purchase by and held by, the authority

1 and may, at the option of the authority, be enforced by
2 accelerating and declaring immediately due and payable all sums
3 evidenced by the note held by the authority. Any acceleration
4 and declaration of all sums to be due and payable on conveyance
5 by sale, land contract, or transfer shall not be an unreasonable
6 restraint on alienation. Any acceleration and declaration,
7 unless otherwise prohibited in this subdivision, of all sums to
8 be due and payable pursuant to this subdivision shall be enforce-
9 able in any court of competent jurisdiction. This subdivision is
10 applicable to secured and unsecured loans. This subdivision is
11 also applicable to loan documents utilized in conjunction with an
12 authority operated program of residential rehabilitation by an
13 entity cooperating or participating with the authority pursuant
14 to section 22a(4) which loans are originated with the intent to
15 sell those loans to the authority.

16 (w) To set forth in the various loan documents of the
17 authority, those remedies for the making of a false statement,
18 representation, or pretense or a material misstatement by a bor-
19 rower during the loan application process. Without limiting the
20 authority's power to pursue other remedies, the authority shall
21 provide in its loan documents that if a borrower makes a false
22 statement, representation, or pretense or a material misstatement
23 during the loan application process the authority, at its option,
24 may accelerate and declare immediately due and payable all sums
25 evidenced by the note held by the authority. Any acceleration
26 and declaration of all sums to be due as authorized under this
27 subdivision and payable pursuant to this subdivision shall be

1 enforceable in any court of competent jurisdiction. This
2 subdivision is applicable to secured and unsecured loans.

3 (x) To collect interest on a real estate loan, the primary
4 security for which is not a first lien on real estate, at the
5 rate of 15% or less per annum on the unpaid balance. This subdi-
6 vision shall not impair the validity of a transaction or rate of
7 interest lawful without regard to this subdivision.

8 (Y) TO CREATE, OWN INTERESTS IN, OPERATE, CONTROL, PARTICI-
9 PATE -IN, OR CONTRACT WITH CORPORATIONS, PARTNERSHIPS, LIMITED
10 PARTNERSHIPS, JOINT VENTURES, SUBSIDIARY AUTHORITIES, OR OTHER
11 BUSINESS ENTITIES FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS
12 OF SECTION 44D.

13 Sec. 25. (1) The authority may issue its negotiable bonds
14 and notes in a principal amount, which in the opinion of the
15 authority shall be necessary to provide sufficient funds for
16 achieving its corporate purposes, including the making of loans
17 for, THE FINANCING OF, OR THE ACQUISITION, DEVELOPMENT, AND OPER-
18 ATION OF housing projects and the making or purchasing of loans
19 for the rehabilitation of residential real property, the provi-
20 sion of money for the land acquisition and development fund as
21 provided in this act, the payment of interest on bonds and notes
22 of the authority during construction, the establishment of
23 reserves to secure bonds and notes, the provision of money for
24 the housing development fund in order to make noninterest bearing
25 advances to nonprofit housing corporations and consumer housing
26 cooperatives as provided in this act, the provision of money to
27 be used for the land acquisition and development powers and

1 purposes of the authority, and all other expenditures of the
2 authority incident to and necessary or convenient to carry out
3 its corporate purposes and powers.

4 (2) The authority may issue renewal notes, issue bonds to
5 pay notes, and when it determines refunding expedient, refund
6 bonds by the issuance of new bonds, whether the bonds to be
7 refunded have or have not matured, and issue bonds partly to
8 refund bonds then outstanding and partly for any other purpose.
9 The refunding bonds shall be sold and the proceeds applied to the
10 purchase, redemption, or payment of the bonds to be refunded.

11 (3) Except as may otherwise be expressly provided by the
12 authority, every issue of its notes or bonds shall be general
13 obligations of the authority payable out of revenues or money of
14 the authority, subject only to agreements with the holders of
15 particular notes or bonds pledging any particular receipts or
16 revenues.

17 (4) Whether or not the notes or bonds are of a form or char-
18 acter as to be negotiable instruments under the uniform commer-
19 cial code, the notes or bonds shall be and are hereby made nego-
20 tiable instruments within the meaning of and for all the purposes
21 of the uniform commercial code, subject only to the provisions of
22 the notes or bonds for registration.

23 (5) Unless an exception is available pursuant to subsection
24 (6), a bond issued by the authority shall be approved by the
25 municipal finance commission or its successor agency but, except
26 as provided by subsection (6), shall not otherwise be subject to

1 Act No. 202 of the Public Acts of 1943, as amended, being
2 sections 131.1 to 139.3 of the Michigan Compiled Laws.

3 (6) The requirement of subsection (5) for obtaining the
4 prior approval of the municipal finance commission or its succes-
5 sor agency before issuing bonds under this section shall be
6 subject to sections 10 and 11 of chapter III of Act No. 202 of
7 the Public Acts of 1943, being sections 133.10 and 133.11 of the
8 Michigan Compiled Laws, and the department of treasury shall have
9 the same authority as provided by section 11 of chapter III of
10 Act No. 202 of the Public Acts of 1943 to issue an order provid-
11 ing or denying an exception from the prior approval required by
12 subsection (5) for bonds authorized by this section.

13 Sec. 32. (1) The authority may create and establish 1 or
14 more special funds to secure notes and bonds of the authority,
15 referred to in this act as capital reserve funds. The authority
16 shall pay into a capital reserve fund money appropriated and made
17 available by this state for the purposes of the fund, the pro-
18 ceeds of the sale of notes or bonds to the extent provided in the
19 resolution of the authority authorizing the issuance of the notes
20 or bonds, and other money which is made available to the author-
21 ity for the purpose of a fund from any other source. All money
22 held in any capital reserve fund, except as specifically pro-
23 vided, shall be used as required solely for the payment of the
24 principal of notes or bonds of the authority secured in whole or
25 in part by the capital reserve fund, for the purchase or redemp-
26 tion of notes or bonds, for the payment of interest on the notes
27 or bonds, or for the payment of any redemption premium required

1 to be paid when the notes or bonds are redeemed prior to
2 maturity. However, the authority shall not use the money for any
3 optional purchase or optional redemption of notes or bonds if the
4 use would reduce the amount of money on deposit in a capital
5 reserve fund to less than the capital reserve fund requirement
6 established for the fund. Any income or interest earned by, or
7 increment to, a capital reserve fund due to the investment of the
8 money in the capital reserve fund may be transferred by the
9 authority to other funds or accounts of the authority to the
10 extent that the transfer does not reduce the amount of a capital
11 reserve fund below the capital reserve fund requirement for a
12 fund.

13 (2) The authority shall not at any time issue notes or bonds
14 secured in whole or in part by a capital reserve fund if, upon
15 the issuance of the notes or bonds, the amount in the capital
16 reserve fund would be less than the capital reserve fund require-
17 ment for the fund, unless the authority, at the time of issuance
18 of the notes or bonds, deposits in the fund from the proceeds of
19 the notes or bonds to be issued, or from other sources, an amount
20 which, together with the amount then in the fund, is not less
21 than the capital reserve fund requirement for the fund. For pur-
22 poses of this section, "capital reserve fund requirement" means
23 the requirement provided in the resolution of the authority
24 authorizing the notes or bonds with respect to which the fund is
25 established, which amount shall not exceed the maximum amount of
26 principal and interest maturing and becoming due in any

1 succeeding calendar year on the notes or bonds of the authority
2 secured in whole or part by the fund.

3 (3) The authority has, before January 9, 1977, in connection
4 with its housing development bonds issued pursuant to a bond res-
5 olution dated June 10, 1971, established within the capital
6 reserve fund relating to housing development bonds, a capital
7 reserve account and a capital reserve capital account. Money in
8 this capital reserve account shall secure only housing develop-
9 ment bonds issued pursuant to the June 10, 1971 bond resolution.
10 Unless otherwise provided by the authority, money in the capital
11 reserve capital account shall secure all bonds and notes of the
12 authority. In determining whether the capital reserve fund
13 requirement established for any capital reserve fund has been
14 met, the authority shall not include or take into account money
15 in the capital reserve capital account.

16 (4) The authority has, before January 9, 1977, in connection
17 with its insured mortgage revenue bonds issued pursuant to a bond
18 resolution dated May 11, 1976, established a bond reserve fund.
19 This bond reserve fund shall constitute a capital reserve fund
20 under this act.

21 (5) The authority may issue notes and bonds subject to the
22 following limitations:

23 (a) The authority shall not have outstanding at any time
24 bonds and notes for any of its corporate purposes in an aggregate
25 principal amount exceeding \$3,000,000,000.00, excluding all of
26 the following:

1 (i) The principal amount of bonds and notes issued to refund
2 outstanding bonds and notes.

3 (ii) The principal amount of bonds and notes which appreci-
4 ate in principal amount, except to the extent of the principal
5 amount of these bonds and notes payable at such time.

6 (iii) The principal amount of notes and bonds representing
7 original issue discount, if any.

8 (b) After June 30, ~~1987~~ 1990, the limitation on the aggre-
9 gate principal amount of notes and bonds provided in subdivision
10 (a) is reduced to \$1,800,000,000.00, but, in addition to the
11 exclusions provided in subdivision (a), the aggregate principal
12 amount of bonds and notes issued before July 1, ~~1987~~ 1990,
13 subject to the limitations of section 32a shall be excluded from
14 this reduced limitation.

15 (6) Subject to the limitation in subsection (5), ~~the~~
16 ~~entire~~ NO PORTION OF THE state ceiling ~~is~~ SHALL BE allocated
17 to ANY ISSUE OF QUALIFIED MORTGAGE BONDS THAT IS NOT ISSUED BY
18 the authority. As used in this subsection:

19 (a) "State ceiling" means the aggregate amount of CERTAIN
20 PRIVATE ACTIVITY BONDS, INCLUDING qualified mortgage bonds, which
21 may be issued in any calendar year in this state pursuant to sec-
22 tion ~~103A~~ 146 of the internal revenue code.

23 (b) "Qualified mortgage bond" shall have the same meaning
24 ascribed to that term in section ~~103A~~ 146 of the internal reve-
25 nue code.

26 (7) To assure the continued operation and solvency of the
27 authority for the carrying out of the public purposes of this

1 act, the authority shall accumulate in each capital reserve fund
2 an amount equal to the capital reserve fund requirement for that
3 fund. If at any time the capital reserve fund requirement for a
4 capital reserve fund exceeds the amount of the capital reserve
5 fund, the authority shall transfer to this fund from the capital
6 reserve capital account established by the authority's June 10,
7 1971 bond resolution the amount necessary to restore the capital
8 reserve fund to an amount equal to the capital reserve fund
9 requirement. If a deficiency exists in more than 1 capital
10 reserve fund and the amount in the capital reserve capital
11 account is not sufficient to fully restore the capital reserve
12 funds, the money in the capital reserve capital account shall be
13 allocated between the deficient capital reserve funds pro rata
14 according to the amounts of the deficiencies. If at any time the
15 capital reserve capital account has been exhausted and the capi-
16 tal reserve fund requirement for a capital reserve fund exceeds
17 the amount of the capital reserve fund, the chairperson of the
18 authority on or before September 1 shall certify to the governor
19 and budget director the amount, if any, necessary to restore a
20 capital reserve fund to an amount equal to the capital reserve
21 fund requirement. The governor and the budget director shall
22 include in the annual budget the amount certified by the chair-
23 person of the authority.

24 (8) In computing the amount of a capital reserve fund for
25 the purposes of this section, securities in which all or a por-
26 tion of the fund is invested shall be valued at par. If the
27 securities are purchased at other than par, the securities may be

1 valued at their cost to the authority, as adjusted by
2 amortization of the discount or premium paid upon purchase of the
3 securities on a pro rata basis to the maturity date of the
4 securities.

5 (9) To the extent possible and consistent with sound fiscal
6 management and good housing development planning, the authority
7 shall make full use of available federal housing subsidy
8 programs. The authority shall recommend programs and legislation
9 to better maintain and improve existing housing stock.

10 (10) The authority shall require that not less than 15% of
11 the multifamily dwelling units financed by mortgage loans from
12 the authority in any calendar year under federal government sub-
13 sidy programs, subject to applicable federal regulations, be
14 offered on a priority basis to low income families and persons
15 receiving their primary incomes from social security programs or
16 state and federal public assistance programs.

17 (11) The authority shall implement a program of loans for
18 mobile homes as soon as is reasonably feasible. The authority
19 shall develop a program for financing the construction or reha-
20 bilitation of mobile home parks and mobile home condominium
21 projects within 24 months after December 31, 1982, subject to a
22 determination of feasibility by the authority and the authority's
23 ability to sell bonds. The authority shall submit a report to
24 the governor and the legislature on its progress in developing a
25 program for financing the construction or rehabilitation of
26 mobile home parks and mobile home condominium projects at 6-month
27 intervals from December 31, 1982.

1 (12) The authority shall implement a program of loans for
2 consumer housing cooperatives as soon as is reasonably feasible.
3 The authority shall develop a program for financing the construc-
4 tion or rehabilitation of consumer housing cooperative projects
5 within 12 months after July 10, 1984, subject to a determination
6 of feasibility by the authority and the authority's ability to
7 sell bonds. The authority shall submit a report to the governor
8 and the legislature on its progress in developing a program for
9 financing the construction or rehabilitation of consumer housing
10 cooperative projects at 6-month intervals from July 10, 1984.

11 (13) In addition to the powers granted the state housing
12 development authority in this act to promulgate rules pursuant to
13 the administrative procedures act of 1969, Act No. 306 of the
14 Public Acts of 1969, being sections 24.201 to 24.328 of the
15 Michigan Compiled Laws, the authority shall furnish to each
16 member of the legislature a copy of notice of a public hearing or
17 proposed rule change at least 10 days before the public hearing
18 and at least 20 days before the adoption of the rule.

19 (14) ~~Within 60 days after July 10, 1984, and before~~ BEFORE
20 October 1 of each year, ~~after 1984,~~ the authority shall iden-
21 tify housing production goals for housing projects financed with
22 bonds and notes issued under the limitations provided in section
23 32a. The authority shall submit those goals in a report to the
24 governor and to the legislature. After the initial report, the
25 authority shall include in the report all of the following:

26 (a) Whether the production goals for the previous 12-month
27 period have been met. If those production goals have not been

1 met, the authority shall explain in the report the reasons why
2 those production goals have not been met.

3 (b) The estimated economic and social benefits of these
4 housing projects to the immediate neighborhoods in which the
5 housing projects have been constructed.

6 (c) The estimated economic and social benefits of these
7 housing projects to the cities in which the housing projects have
8 been constructed.

9 (d) The extent of displacement, direct and indirect, of
10 lower income persons caused by these housing projects, and steps
11 taken by the authority and other governmental and private parties
12 to ameliorate the displacement, and the results of those
13 efforts.

14 (e) The estimated extent of additional reinvestment activi-
15 ties by private lenders attributable to the authority's financing
16 of these housing projects.

17 (f) The age, race, family size, and average income of the
18 tenants of these housing projects.

19 (g) The estimated economic impact of these housing projects,
20 including the number of construction jobs created, wages paid,
21 and taxes and payments in lieu of taxes paid.

22 Sec. 44. (1) (a) The authority may make loans to any non-
23 profit housing corporation, consumer housing cooperative, limited
24 dividend housing corporation, limited dividend housing associa-
25 tion, mobile home park corporation, mobile home park association,
26 or to any public body or agency for the construction or

1 rehabilitation, and for the long-term financing, of the
2 following:

3 (i) Housing for low income or moderate income persons.

4 (ii) For the period of time beginning May 1, 1984, and
5 ending June 30, ~~1987~~ 1990, housing projects in which not less
6 than 20% of the dwelling units are allotted to individuals of low
7 or moderate income within the meaning of FORMER
8 section 103(b)(4)(A) of the internal revenue code; not less than
9 60% of the dwelling units are available to persons and families
10 whose gross household income does not exceed 125% of the higher
11 of either the median income for a family in this state or the
12 median income for a family within the nonmetropolitan county or
13 metropolitan statistical area in which the housing project is
14 located, as determined by the authority; and not more than 20% of
15 the dwelling units are available for occupancy without regard to
16 income. The enactment of this subparagraph or the expiration of
17 the authority granted by it shall not affect rules in effect
18 before July 10, 1984, or promulgated after July 9, 1984, to
19 define low or moderate income persons.

20 (iii) For the period of time beginning May 1, 1984, and
21 ending June 30, ~~1987~~ 1990, housing projects in eligible dis-
22 tressed areas in which housing projects not less than 20% of the
23 dwelling units are allotted to individuals of low or moderate
24 income within the meaning of FORMER section 103(b)(4)(A) of the
25 internal revenue code; not less than 60% of the dwelling units
26 are available to persons and families whose gross household
27 income does not exceed 150% of the higher of either the median

1 income for a family in this state or the median income for a
2 family within the nonmetropolitan county or metropolitan statis-
3 tical area in which the housing project is located, as determined
4 by the authority, and not more than 20% of the dwelling units may
5 be made available for occupancy without regard to income.

6 (iv) Social, recreational, commercial, or communal facili-
7 ties necessary to serve and improve the residential area in which
8 an authority-financed housing project is located or is planned to
9 be located thereby enhancing the viability of such housing.

10 (b) Notwithstanding the provisions of this section, the
11 authority may establish by resolution such higher income limits
12 as it considers necessary to achieve sustained occupancy of a
13 housing project financed under subsection (1)(a)(i), (ii), or
14 (iii) if the authority determines all of the following:

15 (i) The owner of the housing project exercised reasonable
16 efforts to rent the dwelling units to persons and families whose
17 incomes did not exceed the income limitations originally
18 applicable.

19 (ii) For any annual period after the first tenant has occu-
20 pied the housing project, the owner of the housing project has
21 been unable to attain and sustain at least a 95% occupancy level
22 at the housing project.

23 (c) A loan under this section may be in an amount not to
24 exceed 100% of the project cost as approved by the authority in
25 the case of a nonprofit housing corporation, consumer housing
26 cooperative, or public body or agency, and in an amount not to
27 exceed 90% of the project cost as approved by the authority in

1 the case of a limited dividend housing corporation, mobile home
2 park corporation, or mobile home park association. A loan may
3 not be made under this section unless a market analysis has been
4 conducted which demonstrates a sufficient market exists for the
5 housing project.

6 (d) After June 30, ~~1987~~ 1990, the authority may continue
7 to finance multifamily housing projects for families or persons
8 whose incomes do not exceed the limits provided in subsection
9 (1)(a)(ii) or (iii), or (1)(b), until funds derived from the pro-
10 ceeds of bonds or notes issued before June 30, ~~1987~~ 1990, for
11 that purpose, including the proceeds of prepayments or recovery
12 payments with respect to these multifamily housing projects, have
13 been expended. Multifamily housing projects or single family
14 housing units in an eligible distressed area which are financed
15 by proceeds of notes or bonds issued before June 30, 1984, and
16 which the authority has designated for occupancy by persons and
17 families without regard to income pursuant to this act shall
18 remain eligible for occupancy by families and persons without
19 regard to income until the authority's mortgage loan issued with
20 respect to these multifamily housing projects is fully repaid.

21 (e) Notwithstanding the expiration of lending authority
22 under subsection (1)(a)(ii) and (iii), multifamily housing
23 projects financed under those subparagraphs may continue to
24 remain eligible for occupancy by persons and families whose
25 incomes do not exceed the limits provided in subsection
26 (1)(a)(ii) and (iii), or (1)(b).

1 (2) (a) The authority may make loans to any nonprofit
2 housing corporation, limited dividend housing corporation, mobile
3 home park corporation, or mobile home park association for the
4 construction or rehabilitation of housing units, including resi-
5 dential condominium units as defined in section 4 of Act No. 59
6 of the Public Acts of 1978, being section 559.104 of the Michigan
7 Compiled Laws, for sale to individual purchasers of low or moder-
8 ate income or to individual purchasers without regard to income
9 when the housing units are located in an eligible distressed
10 area. The authority may make or purchase loans to individual
11 purchasers for the long-term financing of a newly rehabilitated,
12 newly constructed, or existing housing unit, including a residen-
13 tial condominium unit as defined in section 4 of Act No. 59 of
14 the Public Acts of 1978. For a loan for a newly rehabilitated or
15 newly constructed housing unit, including a residential condomin-
16 ium unit, the borrower's gross income as defined in rules of the
17 authority may not exceed \$30,000.00 and the purchase price of the
18 housing unit may not exceed \$70,000.00, except that, for unex-
19 pected cost increases during construction or improvements to
20 adapt the property for use by handicapped individuals, the
21 authority may increase the purchase price limit by an amount suf-
22 ficient to cover those cost increases, but not to exceed
23 \$3,500.00. For a loan for an existing housing unit, including a
24 residential condominium unit, located other than in an eligible
25 distressed area as defined in section 11(u)(i) or (ii), the
26 borrower's gross income as defined in rules of the authority may
27 not exceed \$24,600.00 and the purchase price of the housing unit

1 may not exceed \$40,000.00. For an existing housing unit,
2 including a residential condominium unit, located in an eligible
3 distressed area as defined in section 11(u)(i) or (ii), the
4 borrower's gross income as defined in rules of the authority may
5 not exceed \$26,300.00 and the purchase price of the housing unit
6 may not exceed \$50,000.00. Before making any loan under this
7 section, authority staff shall determine that the borrower has
8 the ability to repay the loan. A loan made or purchased to
9 finance the acquisition of an existing housing unit may include
10 funds for rehabilitation. A loan under this section may be in an
11 amount not to exceed 100% of the project cost as approved by the
12 authority in the case of a nonprofit housing corporation or indi-
13 vidual purchaser, and in an amount not to exceed 90% of the
14 project cost as approved by the authority in the case of a
15 limited dividend housing corporation, mobile home park corpora-
16 tion, or mobile home park association.

17 (b) While a loan under this subsection is outstanding, any
18 sale by a nonprofit housing corporation or limited dividend hous-
19 ing corporation or any subsequent resale shall be subject to
20 approval by the authority. The authority shall provide in its
21 rules concerning these sales and resales that the price of the
22 housing unit sold, the method of making payments after the sale,
23 the security afforded, and the interest rate, fees, and charges
24 to be paid shall at all times be sufficient to permit the author-
25 ity to make the payments on its bonds and notes and to meet
26 administrative or other costs of the authority in connection with
27 the transactions. Housing units shall be sold under terms that

1 provide for monthly payments including principal, interest,
2 taxes, and insurance.

3 (c) While a loan under this subsection is outstanding, the
4 authority, before the approval of sale by a nonprofit housing
5 corporation, limited dividend housing corporation, mobile home
6 park corporation, or mobile home park association, shall satisfy
7 itself that the sale is to persons of low or moderate income if
8 the housing unit is not located in an eligible distressed area,
9 or to persons without regard to income if the housing unit is
10 located in an eligible distressed area.

11 (d) Upon the sale by a nonprofit housing corporation,
12 limited dividend housing corporation, mobile home park corpora-
13 tion, or mobile home park association of any housing unit to an
14 individual purchaser of low or moderate income or to an individ-
15 ual purchaser without regard to income if the unit is located in
16 an eligible distressed area under this subsection to whom a loan
17 is being made by the authority, the housing unit shall be
18 released from the mortgage running from the nonprofit housing
19 corporation, limited dividend housing corporation, mobile home
20 park corporation, or mobile home park association to the authori-
21 ty, and the mortgage shall be replaced as to the housing unit by
22 a mortgage running from the individual purchaser to the
23 authority.

24 (e) The authority shall encourage nonprofit housing corpora-
25 tions and limited dividend housing corporations engaged in con-
26 struction or rehabilitation under this subsection to utilize the
27 labor of prospective individual purchasers of low or moderate

1 income in the construction or rehabilitation of the housing units
2 involved. The value of the labor of the prospective purchasers
3 so utilized shall be used to reduce the project costs of the
4 housing units involved.

5 (f) In the construction of housing units to be sold to the
6 individual purchasers of low or moderate income at a price not to
7 exceed \$12,000.00, the individual purchasers may be required to
8 perform, in a manner and under conditions to be specified by the
9 authority in its rules, a minimum number of hours of labor. The
10 value of the labor shall be credited to the purchase price.

11 (3) A loan shall be secured in a manner and be repaid in a
12 period, not exceeding 50 years, as may be determined by the
13 authority. A loan shall bear interest at a rate determined by
14 the authority.

15 (4) A person who, for purposes of securing a loan under this
16 act, misrepresents his or her income, including taking a leave of
17 absence from his or her employment for purposes of diminishing
18 his or her income, shall not be eligible for a loan under this
19 act.

20 Sec. 44c. (1) If the resolution authorizing the issuance of
21 notes or bonds provides that the notes or bonds are limited and
22 not general obligations of the authority, are not secured by the
23 capital reserve capital account, and are secured solely by reve-
24 nues and property derived from or obtained in connection with the
25 housing project, the authority shall use the proceeds of those
26 notes or bonds to make loans directly, or indirectly by a loan
27 through a mortgage lender, to a nonprofit housing corporation,

1 consumer housing cooperative, limited dividend housing
2 corporation, limited dividend housing association, mobile home
3 park corporation, mobile home park association, or public body or
4 agency for the construction or rehabilitation, and for the
5 long-term financing, of any of the following:

6 (a) Multifamily housing projects for low income or moderate
7 income persons.

8 (b) For the period of time beginning May 1, 1984, and ending
9 June 30, ~~1987~~ 1990, multifamily housing projects in which not
10 less than 20% of the dwelling units are allotted to individuals
11 of low or moderate income within the meaning of FORMER section
12 103(b)(4)(A) of the internal revenue code; not less than 15% of
13 the dwelling units are allotted to persons and families whose
14 gross household income does not exceed 125% of the higher of
15 either the median income for a family in this state or the median
16 income for a family within the nonmetropolitan county or metro-
17 politan statistical area in which the housing project is located,
18 as determined by the authority, or to the elderly; not less than
19 15% of the dwelling units are allotted to persons and families
20 whose gross household income does not exceed 150% of the median
21 income for a family in this state or the median income for a
22 family within the nonmetropolitan county or metropolitan statis-
23 tical area in which the housing project is located, as determined
24 by the authority, or to the elderly; and not more than 50% of the
25 dwelling units are available for occupancy without regard to
26 income.

1 (c) For the period of time beginning May 1, 1984, and ending
2 June 30, ~~1987~~ 1990, multifamily housing projects in eligible
3 distressed areas in which not less than 20% of the dwelling units
4 are allotted to individuals of low or moderate income within the
5 meaning of FORMER section 103(b)(4)(A) of the internal revenue
6 code and in which not more than 80% of the dwelling units are
7 available for occupancy without regard to income.

8 (d) Social, recreational, commercial, or communal facilities
9 to serve and improve the residential area in which an
10 authority-financed multifamily housing project is located or is
11 planned to be located, thereby enhancing the viability of such
12 housing.

13 (e) To qualify as rehabilitation under this section, the
14 rehabilitation expenditures with respect to the project must
15 equal or exceed 30% of the portion of the cost of acquiring the
16 building and equipment financed with the proceeds of the notes or
17 bonds issued to acquire and rehabilitate the project. For a
18 project located in an eligible distressed area, the amount of
19 rehabilitation may be less than the 30% requirement if the
20 authority determines and expresses by resolution that the likely
21 benefit to the community or the proposed residents of the project
22 merits the use of this financing source. This subsection does
23 not apply to a project for which the authority has authorized a
24 loan commitment under this section before this subsection becomes
25 effective. The authority shall not provide long-term financing
26 for a project under this section unless the project is
27 constructed or rehabilitated in anticipation of authority

1 financing or the construction or rehabilitation is undertaken
2 with authority financing.

3 (2) Notwithstanding the provisions of this section, the
4 authority shall establish by resolution higher income limits for
5 a housing project financed under either subsection (1)(a) or (b)
6 equal to the income limits of subsection (1)(c) if the authority
7 determines all of the following:

8 (a) The owner of the housing project exercised reasonable
9 efforts to rent the dwelling units to persons and families whose
10 incomes did not exceed the originally applicable income
11 limitations.

12 (b) For any annual period after the first tenant has occu-
13 pied the housing project, the owner of the housing project has
14 been unable to attain and sustain at least a 95% occupancy level
15 at the housing project.

16 (3) Notwithstanding the expiration of lending authority
17 under this section, multifamily housing projects financed under
18 this section may continue to remain eligible for occupancy by
19 persons and families whose incomes do not exceed the limits pro-
20 vided in subsection (1) or (2).

21 (4) A borrower seeking to qualify for a loan under this sec-
22 tion shall file an application with the authority which includes
23 the following:

24 (a) A description of the proposed credit enhancement. The
25 proposed credit enhancement may be in the form of a letter of
26 credit, bonding, guarantee, mortgage insurance, or other
27 appropriate security in an amount sufficient to assure the

1 authority that repayment of notes or bonds issued by the
2 authority is reasonably secure.

3 (b) An undertaking to pay all costs of issuing the notes or
4 bonds and to provide compensation for, as considered appropriate
5 by the borrower and at no cost to the authority, any underwrit-
6 ers, trustees, counsel, and other professionals as are necessary
7 to complete the financing.

8 (c) An application fee equal to the greater of \$4,000.00 or
9 0.0005 multiplied by the principal amount of notes or bonds for
10 which issuance is requested. For a project located in an eligi-
11 ble distressed area, the fee required by this subdivision shall
12 be refundable if the notes or bonds are not delivered. In all
13 other cases the fee is nonrefundable.

14 (5) So long as there is uncommitted bonding capability under
15 the limitations of section 32a(1)(b), the authority shall issue a
16 6-month commitment to loan funds, subject to sale by the author-
17 ity of its notes and bonds in compliance with applicable law and
18 pursuant to terms and conditions which permit the funding of such
19 loan, either directly or indirectly by a loan through a mortgage
20 lender, to the borrower in the amount of the total development
21 cost of the proposed multifamily housing project or
22 \$25,000,000.00, whichever is less, or if the proposed multifamily
23 housing project is located in an eligible distressed area, in the
24 amount of the total development cost of the proposed project or
25 \$50,000,000.00, whichever is less, upon the determination by the
26 authority of all of the following:

1 (a) The housing project is eligible for financing under this
2 section.

3 (b) The borrower is an eligible borrower under this act.

4 (c) The requirements of subsection (4) have been met.

5 (d) The borrower has provided evidence of a commitment to
6 issue a credit enhancement in the form of a letter of credit,
7 bonding, guarantee, mortgage insurance, or other appropriate
8 security in a form and amount sufficient to assure the authority
9 that the repayment of notes or bonds issued by the authority for
10 purposes of making a loan to the borrower is reasonably secure.
11 If the authority determines that repayment of the notes or bonds
12 will be reasonably secure, the authority's review of the credit
13 enhancement shall take the place of the authority's normal under-
14 writing and feasibility review.

15 (e) If the loan is made indirectly by a loan through a mort-
16 gage lender, the requirements of section 44b have been met.

17 (6) A borrower and any person who is a related person to the
18 borrower as defined in section ~~103(b)~~ 144(a)(3) of the internal
19 revenue code shall not have outstanding loan commitments under
20 this section which total more than the greater of \$25,000,000.00
21 or the amount of financing approved for a single project under
22 subsection (5). Once a loan has been made under this section,
23 the commitment made with respect to the loan shall no longer be
24 considered to be outstanding.

25 (7) Simultaneously with the issuance of the loan commitment
26 by the authority, the borrower shall pay a commitment fee in the
27 amount of 0.1% of the principal amount of notes or bonds to be

1 issued. The authority shall credit the amount paid by the
2 borrower as an application fee under subsection (4) against this
3 commitment fee. The authority shall extend a 6-month loan com-
4 mitment issued under subsection (5) for an additional 6 months
5 upon payment by the borrower of a nonrefundable extension fee of
6 \$5,000.00 which fee shall not be credited against any other fee
7 or payment to the authority.

8 (8) Within the period during which the commitment is effec-
9 tive, the authority, upon a determination that the terms and con-
10 ditions of the commitment have been satisfied, shall make its
11 loan directly, or indirectly through a loan to a mortgage lender,
12 to the borrower.

13 (9) Except as otherwise provided in this subsection, upon
14 issuance of any notes or bonds to finance a housing project under
15 this section, the borrower shall pay at the time the notes or
16 bonds are issued, in addition to any commitment or extension fee
17 paid under subsection (7), a fee of either not more than 0.9% of
18 the principal amount of the notes or bonds for a loan made for a
19 project located in an eligible distressed area or not more than
20 1.9% of the principal amount of the notes or bonds for a loan
21 made for a project located in other than an eligible distressed
22 area. If notes or bonds have been issued under this section for
23 a project owned by the borrower located in an eligible distressed
24 area within 180 days before the issuance of notes or bonds for
25 the next project financed by that borrower, which next project is
26 located in other than an eligible distressed area, the fee under
27 this subsection shall be not more than 0.9% of the principal

1 amount of the notes or bonds. If notes or bonds have been issued
2 under this section for a project located in other than an eligi-
3 ble distressed area and the borrower has paid the 1.9% fee, the
4 authority shall not charge a fee under this subsection for the
5 next project financed by that borrower if that next project is
6 located in an eligible distressed area and if the notes or bonds
7 are issued within 180 days after the notes or bonds were issued
8 for the project located in other than an eligible distressed
9 area.

10 (10) Subject to any rights of the holders of any notes or
11 bonds issued to finance a multifamily housing project under this
12 section, if the owner of a multifamily housing project financed
13 under this section provides evidence satisfactory to the author-
14 ity that the new owner of the multifamily housing project is an
15 eligible borrower under this act and the exemption from federal
16 income taxation of interest on the notes or bonds issued to
17 finance the multifamily housing project will not be impaired as a
18 result of a sale, refinancing, or resyndication, the borrower may
19 sell, refinance from a source other than the authority, or resyn-
20 dicate that housing project at any time. There shall not be a
21 prepayment penalty or fee required for the sale, refinancing, or
22 resyndication in addition to any prepayment penalty or fee owing
23 to the holders of notes or bonds issued to finance a housing
24 project under this section.

25 (11) A borrower is allowed distributions equal to a 12%
26 return on the borrower's investment in a multifamily housing
27 project financed under this section for the first 12 months of

1 operation of the housing project following substantial
2 completion. The allowable return shall be increased by 1% for
3 each 12-month period after the first 12 months. The maximum
4 allowable return for a housing project located in other than an
5 eligible distressed area is 25%. Any return less than the allow-
6 able rate in any preceding period may be received in any subse-
7 quent period on a cumulative basis.

8 (12) Before September 1 of each year after 1984, the owner
9 of a housing project financed under this section shall report to
10 the authority all of the following which the authority shall
11 include in the report required by section 32(14):

12 (a) The incomes of the tenants residing in that housing
13 project in a manner which preserves the anonymity of those
14 tenants.

15 (b) The estimated economic and social benefits of that hous-
16 ing project to the immediate neighborhoods in which it has been
17 constructed.

18 (c) The estimated economic and social benefits of that hous-
19 ing project to the city in which it has been constructed.

20 (d) Information requested by the authority about that hous-
21 ing project which is needed so that the authority can report the
22 extent of displacement, direct and indirect, of lower income per-
23 sons caused by housing projects financed under this section, and
24 steps taken by governmental and private parties to ameliorate the
25 displacement, and the results of those efforts.

26 (e) Information requested by the authority about that
27 housing project which is needed so that the authority can report

1 the estimated extent of additional reinvestment activities by
2 private lenders attributable to the authority's financing of
3 housing projects financed under this section.

4 (f) The age, race, family size, and average income of the
5 tenants of these housing projects.

6 (g) The estimated economic impact of these housing projects,
7 including the number of construction jobs created, wages paid,
8 and taxes and payments in lieu of taxes paid.

9 (13) Mortgages securing loans made under this section are
10 authority-aided mortgages.

11 (14) The authority may inspect and audit projects and
12 records of projects financed under this section in order to moni-
13 tor compliance with the requirements of this section. If there
14 is noncompliance, the authority, pursuant to the provisions of
15 the financing and organizational documents applicable to the
16 transaction, may pursue the remedies which the authority consid-
17 ers appropriate. Except as is required to assure compliance with
18 this section or section 46 or otherwise required by purchasers of
19 notes or bonds issued to finance a multifamily housing project
20 under this section, the authority shall not regulate, in any
21 manner, a multifamily housing project financed under this
22 section.

23 (15) Notwithstanding any other provision of this section,
24 there shall not be any liability on the part of the authority or
25 its members, officers, employees, or agents, and the assets of
26 the authority shall not be subject to any liability, as a result

1 of any act or failure to act under this section on the part of
2 the authority or its members, officers, employees, or agents.

3 (16) If notes or bonds have been issued under this section
4 for a project located in an eligible distressed area within 180
5 days before the submission, by the same borrower or a borrower
6 having the same general partners, of a commitment for credit
7 enhancement, that borrower's application shall be given priority
8 over the other applications submitted under this section to
9 finance projects located in other than eligible distressed areas,
10 except for projects for which the authority has authorized loan
11 commitments. The principal amount of notes or bonds issued to
12 finance a project given priority under this subsection shall not
13 exceed 10 times the principal amount of the notes or bonds issued
14 to finance the distressed area project that qualifies the bor-
15 rower for priority consideration.

16 SEC. 44D. (1) THE AUTHORITY MAY, EITHER DIRECTLY OR IN PAR-
17 TICIPATION WITH OTHERS, INCLUDING ENTITIES ESTABLISHED UNDER
18 SECTION 22(Y), CONTRACT TO ACQUIRE, ACQUIRE ANY INTERESTS IN,
19 OWN, CONTRACT FOR THE CONSTRUCTION OR REHABILITATION OF, MORT-
20 GAGE, OPERATE, MANAGE, LEASE AND SELL, OR OTHERWISE DISPOSE OF
21 LAND AND HOUSING PROJECTS, OR ANY INTEREST THEREIN, OCCUPIED OR
22 TO BE OCCUPIED BY HOUSEHOLDS WHICH AT THE TIME OF THEIR INITIAL
23 OCCUPANCY MEET THE FOLLOWING CRITERIA:

24 (A) IF THE HOUSING PROJECT IS LOCATED IN OTHER THAN AN ELI-
25 GIBLE DISTRESSED AREA, HOUSEHOLD INCOMES SHALL NOT EXCEED THE
26 FOLLOWING LIMITS:

1 (i) AT LEAST 20% OF THE UNITS SHALL BE ALLOTTED TO
2 HOUSEHOLDS WHOSE GROSS INCOMES DO NOT EXCEED 50% OF THE STATEWIDE
3 MEDIAN GROSS INCOME.

4 (ii) AT LEAST 50% OF THE UNITS SHALL BE ALLOTTED TO HOUSE-
5 HOLDS WHOSE GROSS INCOMES DO NOT EXCEED 80% OF THE STATEWIDE
6 MEDIAN GROSS INCOME.

7 (iii) AT LEAST 80% OF THE UNITS SHALL BE ALLOTTED TO HOUSE-
8 HOLDS WHOSE GROSS INCOMES DO NOT EXCEED 100% OF THE STATEWIDE
9 MEDIAN GROSS INCOME.

10 (iv) ALL HOUSEHOLDS SHALL HAVE GROSS INCOMES WHICH DO NOT
11 EXCEED 125% OF THE STATEWIDE MEDIAN GROSS INCOME.

12 (B) IF THE HOUSING PROJECT IS LOCATED IN AN ELIGIBLE DIS-
13 TRESSED AREA, HOUSEHOLD GROSS INCOMES SHALL NOT EXCEED THE FOL-
14 LOWING LIMITS:

15 (i) AT LEAST 20% OF THE UNITS SHALL BE ALLOTTED TO HOUSE-
16 HOLDS WHOSE GROSS INCOMES DO NOT EXCEED 50% OF THE GREATER OF THE
17 STATEWIDE MEDIAN GROSS INCOME OR THE AREA MEDIAN GROSS INCOME.

18 (ii) AT LEAST 50% OF THE UNITS SHALL BE ALLOTTED TO HOUSE-
19 HOLDS WHOSE GROSS INCOMES DO NOT EXCEED 80% OF THE GREATER OF THE
20 STATEWIDE MEDIAN GROSS INCOME OR THE AREA MEDIAN GROSS INCOME.

21 (iii) AT LEAST 80% OF THE UNITS SHALL BE ALLOTTED TO HOUSE-
22 HOLDS WHOSE GROSS INCOMES DO NOT EXCEED 100% OF THE GREATER OF
23 THE STATEWIDE MEDIAN GROSS INCOME OR THE AREA MEDIAN GROSS
24 INCOME.

25 (iv) ALL HOUSEHOLDS SHALL HAVE GROSS INCOMES WHICH DO NOT
26 EXCEED 125% OF THE GREATER OF THE STATEWIDE MEDIAN GROSS INCOME
27 OR THE AREA MEDIAN GROSS INCOME.

1 (C) HOUSEHOLD ASSETS SHALL NOT EXCEED \$40,000.00 IF A MEMBER
2 OF THE HOUSEHOLD IS 62 YEARS OF AGE OR OLDER, OR \$10,000.00 IN
3 ALL OTHER CASES. FOR PURPOSES OF THIS SECTION, HOUSEHOLD ASSETS
4 MEANS THE VALUE OF EQUITY IN REAL PROPERTY, SAVINGS, STOCKS,
5 BONDS, AND OTHER FORMS OF CAPITAL INVESTMENT, EXCLUDING INTERESTS
6 IN INDIAN TRUST LAND. THE VALUE OF NECESSARY ITEMS OF PERSONAL
7 PROPERTY SUCH AS FURNITURE AND AUTOMOBILES SHALL BE EXCLUDED. IF
8 A TRUST FUND HAS BEEN ESTABLISHED AND THE TRUST IS NOT REVOCABLE
9 BY, OR UNDER THE CONTROL OF, ANY MEMBER OF THE FAMILY OR HOUSE-
10 HOLD, THE VALUE OF THE TRUST FUND SHALL NOT BE CONSIDERED AN
11 ASSET SO LONG AS THE FUND CONTINUES TO BE HELD IN TRUST, BUT ANY
12 INCOME DISTRIBUTED FROM THE TRUST FUND SHALL BE COUNTED WHEN
13 DETERMINING ANNUAL INCOME.

14 (2) FOR PURPOSES OF THIS SECTION, THE AREA MEDIAN GROSS
15 INCOME AND THE METHODS OF DETERMINING WHAT QUALIFIES AS INCOME
16 SHALL BE DETERMINED IN A MANNER CONSISTENT WITH DETERMINATIONS
17 UNDER SECTION 8 OF THE UNITED STATES HOUSING ACT OF 1937, OR, IF
18 THAT PROGRAM IS TERMINATED, UNDER THAT PROGRAM AS IT WAS IN
19 EFFECT IMMEDIATELY BEFORE THE TERMINATION. DETERMINATIONS SHALL
20 INCLUDE ADJUSTMENTS FOR FAMILY SIZE.

21 (3) IN THE EVENT OF THE ACQUISITION OF AN EXISTING OCCUPIED
22 HOUSING PROJECT, THE INCOME AND ASSET CRITERIA IN SUBSECTION (1)
23 SHALL BE APPLIED TO UNITS VACANT AT THE TIME OF ACQUISITION AND,
24 AS TO THE REMAINDER OF THE UNITS, AT THE TIME OF EXPIRATION OF
25 LEASEHOLD INTERESTS OF THOSE WHO WERE TENANTS AT THE TIME OF
26 ACQUISITION. ANY PERSONS OR FAMILIES OCCUPYING UNITS WHICH
27 BECAME VACANT AFTER THE ACQUISITION MUST MEET THE ASSET TEST

1 ESTABLISHED IN SUBSECTION (1)(C). INCOME LIMIT STANDARDS SHALL
2 BE APPLIED WITH RESPECT TO THE VACANT UNITS SO AS TO FIRST CAUSE
3 COMPLIANCE WITH THE REQUIREMENTS OF SUBSECTION (1)(A)(i) OR
4 (1)(B)(i), THEN WITH SUBSECTION (1)(A)(ii) OR (1)(B)(ii), THEN
5 WITH SUBSECTION (1)(A)(iii) OR (1)(B)(iii), THEN WITH SUBSECTION
6 (1)(A)(iv) OR (1)(B)(iv), AS APPROPRIATE.

7 SEC. 44E. INCOME AND ASSET ELIGIBILITY STANDARDS APPLICABLE
8 TO TENANTS OR PROSPECTIVE TENANTS OF HOUSING PROJECTS FINANCED
9 UNDER THIS ACT SHALL BE COMPLIED WITH AT THE TIME OF THE INITIAL
10 OCCUPANCY OF SUCH TENANTS. SUBSEQUENT COMPLIANCE WITH INCOME AND
11 ASSET ELIGIBILITY STANDARDS BY INITIALLY ELIGIBLE TENANTS SHALL
12 BE REQUIRED ONLY TO THE EXTENT THAT THE AUTHORITY DETERMINES THAT
13 SUCH COMPLIANCE IS NECESSARY OR DESIRABLE TO EFFECTUATE THE PUR-
14 POSES OF THIS ACT OR APPLICABLE FEDERAL LAW.

15 SEC. 99. (1) THE AUTHORITY MAY INCORPORATE 1 OR MORE SUB-
16 SIDIARY AUTHORITIES UNDER THIS ACT FOR THE PURPOSES OF CARRYING
17 OUT SECTION 44D OR FOR THE PURPOSES OF OWNING, HOLDING, MAINTAIN-
18 ING, IMPROVING, OR COMPLETING A HOUSING PROJECT OR HOUSING UNIT
19 EITHER ACQUIRED THROUGH FORECLOSURE, DEED IN LIEU OF FORECLOSURE,
20 OR OVER WHICH THE AUTHORITY HAS, FOLLOWING A DECLARATION OF
21 DEFAULT, OTHERWISE OBTAINED CONTROL.

22 (2) A SUBSIDIARY AUTHORITY SHALL BE FORMED BY FILING WITH
23 THE SECRETARY OF STATE ARTICLES OF INCORPORATION, WHICH SHALL SET
24 FORTH THE NAME OF THE SUBSIDIARY AUTHORITY, WHICH NAME SHALL
25 INCLUDE THE WORDS "DEVELOPMENT AUTHORITY", ITS DURATION, THE
26 LOCATION OF ITS PRINCIPAL OFFICE, ITS PURPOSES, ITS POWERS AND
27 DUTIES, AND ITS MEMBERS AND OFFICERS, THE NUMBER, TERMS, AND

1 MANNER OF SELECTION OF ITS MEMBERS AND OFFICERS, AND OTHER
2 MATTERS NECESSARY OR EXPEDIENT TO BE INCLUDED IN THE ARTICLES OF
3 INCORPORATION. THE MEMBERS OF THE SUBSIDIARY AUTHORITY, WHICH
4 SHALL CONSTITUTE ITS GOVERNING BOARD, SHALL BE SELECTED FROM THE
5 MEMBERS, OFFICERS, AND EMPLOYEES OF THE AUTHORITY. THE ARTICLES
6 OF INCORPORATION MAY NOT BE FILED UNLESS THEY ARE APPROVED BY A
7 MAJORITY OF THE MEMBERS OF THE AUTHORITY. THE ARTICLES OF INCOR-
8 PORATION SHALL BE EXECUTED FOR AND ON BEHALF OF THE AUTHORITY BY
9 THE CHAIRPERSON AND EXECUTIVE DIRECTOR OF THE AUTHORITY.

10 (3) AMENDMENTS MAY BE MADE TO ARTICLES OF INCORPORATION OF A
11 SUBSIDIARY AUTHORITY IF ADOPTED BY THE AUTHORITY. NO AMENDMENT
12 SHALL IMPAIR THE OBLIGATION OF ANY BOND OR OTHER CONTRACT. EACH
13 AMENDMENT SHALL BE ADOPTED AND EXECUTED IN THE SAME MANNER AS THE
14 ORIGINAL ARTICLES OF INCORPORATION.

15 (4) ANY SUCH SUBSIDIARY AUTHORITY SHALL ADOPT, AND MAY FROM
16 TIME TO TIME AMEND, BYLAWS PROVIDING FOR THE REGULATION OF THE
17 AFFAIRS OF THE SUBSIDIARY AUTHORITY.

18 (5) EACH SUBSIDIARY AUTHORITY SHALL BE A PUBLIC BODY CORPO-
19 RATE, HAVING SUCH TERM AS MAY BE PROVIDED IN ITS ARTICLES OF
20 INCORPORATION. IT MAY ADOPT AN OFFICIAL SEAL AND ALTER IT AT ITS
21 DISCRETION; MAINTAIN OFFICES AT PLACES IT DESIGNATES; AND GENER-
22 ALLY DO AND SUFFER TO BE DONE ALL THINGS NECESSARY FOR AND CON-
23 VENIENT AND INCIDENT TO THE CARRYING OUT OF THE PURPOSES OF ITS
24 INCORPORATION. A SUBSIDIARY AUTHORITY MAY SUE AND BE SUED IN ITS
25 OWN NAME, AND THE CIRCUIT COURT OF INGHAM COUNTY SHALL HAVE
26 EXCLUSIVE JURISDICTION OVER ALL ACTIONS BROUGHT AGAINST A
27 SUBSIDIARY AUTHORITY, EXCEPT IF JURISDICTION OVER THE ACTION IS

1 IN THE SUPREME COURT, THE COURT OF APPEALS, OR THE COURT OF
2 CLAIMS. THE ENUMERATION OF POWERS IN THIS ACT SHALL NOT BE CON-
3 STRUED AS A LIMITATION UPON ITS GENERAL POWERS.

4 (6) AMONG ITS OTHER POWERS, THE SUBSIDIARY AUTHORITY MAY DO
5 ALL OF THE FOLLOWING:

6 (A) CARRY OUT ALL OF THOSE POWERS PRESCRIBED IN
7 SECTION 44D.

8 (B) RECEIVE GIFTS, LOANS, GRANTS, APPROPRIATIONS, AND OTHER
9 AID FROM THE AUTHORITY, THE FEDERAL, STATE, OR ANY LOCAL GOVERN-
10 MENT OR ANY INSTRUMENTALITY OF A FEDERAL, STATE, OR LOCAL GOVERN-
11 MENT, OR FROM A PERSON, CORPORATION, FIRM, OR OTHER
12 ORGANIZATION.

13 (C) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH
14 THE PROPERTY OR OTHER ASSETS OF THE SUBSIDIARY AUTHORITY.

15 (D) ENGAGE THE SERVICES OF PRIVATE CONSULTANTS ON A CONTRACT
16 BASIS FOR RENDERING PROFESSIONAL AND TECHNICAL ASSISTANCE AND
17 ADVICE.

18 (E) MAKE AND EXECUTE CONTRACTS AND OTHER INSTRUMENTS NECES-
19 SARY OR CONVENIENT TO THE EXERCISE OF ITS POWERS.

20 (F) ENTER INTO JOINT VENTURES, PARTNERSHIPS, LIMITED PART-
21 NERSHIPS, OR OTHER BUSINESS ENTITIES OR ARRANGEMENTS CONVENIENT
22 TO THE CARRYING OUT OF THE PURPOSES OF THIS SECTION.

23 (G) INVEST FUNDS BELONGING TO THE SUBSIDIARY AUTHORITY IN
24 ANY OF THE FOLLOWING:

25 (i) DIRECT OBLIGATIONS OF THE UNITED STATES OR OBLIGATIONS,
26 THE PRINCIPAL AND INTEREST OF WHICH ARE GUARANTEED BY THE UNITED

1 STATES, OR OBLIGATIONS OF THE STATE OR ANY POLITICAL SUBDIVISION
2 OF THE STATE.

3 (ii) BONDS, DEBENTURES, OR OTHER OBLIGATIONS ISSUED BY FED-
4 ERAL LAND BANKS, FEDERAL INTERMEDIATE CREDIT BANKS, BANKS FOR
5 COOPERATIVES, FEDERAL HOME LOAN BANKS, FEDERAL NATIONAL MORTGAGE
6 ASSOCIATION, AND THE FEDERAL HOME LOAN MORTGAGE CORPORATION.

7 (iii) COLLATERALIZED MORTGAGE OBLIGATIONS WHERE THE COLLAT-
8 ERAL IS ISSUED BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION,
9 THE FEDERAL NATIONAL MORTGAGE ASSOCIATION, OR THE FEDERAL HOME
10 LOAN MORTGAGE CORPORATION.

11 (iv) TIME DEPOSITS, CERTIFICATES OF DEPOSIT, OR ANY OTHER
12 DEPOSIT, WITH ANY BANK OR SAVINGS AND LOAN ASSOCIATION WHICH IS A
13 MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION OR FEDERAL
14 SAVINGS AND LOAN INSURANCE CORPORATION, WHICH ARE FULLY SECURED,
15 TO THE EXTENT NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPO-
16 RATION OR THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, BY
17 ANY OF THE OBLIGATIONS DESCRIBED IN (i) OR (ii) HAVING A MARKET
18 VALUE AT ALL TIMES NOT LESS THAN THE UNINSURED AMOUNT OF SUCH
19 DEPOSIT.

20 (v) REPURCHASE AGREEMENTS BACKED BY OR RELATED TO OBLIGA-
21 TIONS DESCRIBED IN SUBPARAGRAPH (i) OR (ii).

22 (vi) INVESTMENT AGREEMENTS WITH ANY INSTITUTION WHOSE UNSE-
23 CURED DEBT SECURITIES ARE RATED AT LEAST "A" BY STANDARD & POOR'S
24 CORPORATION OR EQUIVALENT RATING BY A NATIONALLY RECOGNIZED
25 RATING AGENCY.

26 (7) THE BUSINESS WHICH THE SUBSIDIARY AUTHORITY MAY PERFORM
27 SHALL BE CONDUCTED AT A PUBLIC MEETING OF THE SUBSIDIARY

1 AUTHORITY HELD IN COMPLIANCE WITH THE OPEN MEETINGS ACT, ACT
2 NO. 267 OF THE PUBLIC ACTS OF 1976, BEING SECTIONS 15.261 TO
3 15.275 OF THE MICHIGAN COMPILED LAWS. PUBLIC NOTICE OF THE TIME,
4 DATE, AND PLACE OF THE MEETING SHALL BE GIVEN IN THE MANNER
5 REQUIRED BY ACT NO. 267 OF THE PUBLIC ACTS OF 1976.

6 (8) A SUBSIDIARY AUTHORITY SHALL BE A SEPARATE LEGAL
7 ENTITY. THE AUTHORITY SHALL NOT BE LIABLE FOR THE DEBTS OR OBLI-
8 GATIONS OR FOR ANY ACTIONS OR INACTIONS OF THE SUBSIDIARY AUTHOR-
9 ITY UNLESS IT EXPRESSLY AGREES OTHERWISE. NO MEMBER, OFFICER, OR
10 EMPLOYEE OF A SUBSIDIARY AUTHORITY SHALL BE INDIVIDUALLY LIABLE
11 FOR ACTIONS UNDERTAKEN OR FAILURE TO ACT ON BEHALF OF THE SUBSID-
12 IARY AUTHORITY SO LONG AS THE INDIVIDUAL IS ACTING OR REASONABLY
13 BELIEVES HE OR SHE IS ACTING WITHIN THE SCOPE OF HIS OR HER
14 AUTHORITY.

15 (9) THE AUTHORITY MAY MAKE LOANS OR GRANTS TO A SUBSIDIARY
16 AUTHORITY TO ENABLE THE SUBSIDIARY AUTHORITY TO CARRY OUT ANY OF
17 ITS PURPOSES.

18 SEC. 99A. THIS ACT, BEING NECESSARY FOR AND TO SECURE THE
19 PUBLIC HEALTH, SAFETY, CONVENIENCE, AND WELFARE OF THE CITIZENS
20 OF THE STATE, SHALL BE LIBERALLY CONSTRUED TO EFFECT ITS PUBLIC
21 PURPOSES.