

Act No. 221
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STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993

Introduced by Reps. Saunders, Rivers, Agee, Dobronski, Hill, DeMars, Varga, Gire, Kilpatrick, Joe Young, Jr. and Wetters

ENROLLED HOUSE BILL No. 4813

AN ACT to amend sections 11, 17, 32, 32a, 32b, 44, 44a, 49, 49j, 49k, 49n, 49o, 49t, and 49u of Act No. 346 of the Public Acts of 1966, entitled as amended "An act to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments in lieu of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act," section 11 as amended by Act No. 281 of the Public Acts of 1989, section 17 as amended by Act No. 217 of the Public Acts of 1983, sections 32, 44, and 44a as amended by Act No. 138 of the Public Acts of 1991, sections 32a and 32b as amended by Act No. 137 of the Public Acts of 1991, and sections 49, 49j, 49k, 49n, 49o, 49t, and 49u as added by Act No. 173 of the Public Acts of 1981, being sections 125.1411, 125.1417, 125.1432, 125.1432a, 125.1432b, 125.1444, 125.1444a, 125.1449, 125.1449j, 125.1449k, 125.1449n, 125.1449o, 125.1449t, and 125.1449u of the Michigan Compiled Laws; and to add section 49v.

The People of the State of Michigan enact:

Section 1. Sections 11, 17, 32, 32a, 32b, 44, 44a, 49, 49j, 49k, 49n, 49o, 49t, and 49u of Act No. 346 of the Public Acts of 1966, section 11 as amended by Act No. 281 of the Public Acts of 1989, section 17 as amended by Act No. 217 of the Public Acts of 1983, sections 32, 44, and 44a as amended by Act No. 138 of the Public Acts of 1991, sections 32a and 32b as amended by Act No. 137 of the Public Acts of 1991, and sections 49, 49j, 49k, 49n, 49o, 49t, and 49u as added by Act No. 173 of the Public Acts of 1981, being sections 125.1411, 125.1417, 125.1432, 125.1432a, 125.1432b, 125.1444, 125.1444a, 125.1449, 125.1449j, 125.1449k, 125.1449n, 125.1449o, 125.1449t, and 125.1449u of the Michigan Compiled Laws, are amended and section 49v is added to read as follows:

Sec. 11. As used in this act:

(a) "Authority" means the Michigan state housing development authority created in this act.

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

(i) Payments for options to purchase properties on the proposed housing project site, deposits on contracts of purchase, or, with the prior approval of the authority, payments for the purchases of those properties.

(ii) Legal, organizational, and marketing expenses, including payment of attorneys' fees, project manager and clerical staff salaries, office rent, and other incidental expenses.

- (iii) Payment of fees for preliminary feasibility studies, advances for planning, engineering, and architectural work.
 - (iv) Expenses for surveys as to need, and market analyses.
 - (v) Necessary application and other fees to federal and other government agencies.
 - (vi) Other expenses incurred by the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association that the authority considers appropriate to effectuate the purposes of this act.
- (c) "Federally-aided mortgage" means any of the following:
- (i) A below market interest rate mortgage insured, purchased, or held by the secretary of the department of housing and urban development.
 - (ii) A market interest rate mortgage insured by the secretary of the department of housing and urban development and augmented by a program of rent supplements.
 - (iii) A mortgage receiving interest reduction payments provided by the secretary of the department of housing and urban development.
 - (iv) A mortgage on a housing project to which the authority allocates low income housing tax credits under section 22b.
 - (v) A mortgage receiving special benefits under other federal law designated specifically to develop low and moderate income housing, consistent with this act.
- (d) "Fund" means the housing development fund created by this act.
- (e) "Project cost" means the sum total of all reasonable or necessary costs incurred by the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association for carrying out all works and undertakings for the completion of a housing project and approved by the authority. In addition to other reasonable and necessary costs, "project costs" includes costs for all of the following: studies and surveys; plans, specifications, and architectural and engineering services; legal, organization, marketing, or other special services; financing, acquisition, demolition, construction, equipment, and site development of new and rehabilitated buildings; movement of existing buildings to other sites; rehabilitation, reconstruction, repair, or remodeling of existing buildings; carrying charges during construction; the cost of placement of tenants or occupants, and relocation services in connection with a housing project; and, to the extent not already included, all development costs.
- (f) "Housing project" means any of the following:
- (i) Residential real property developed or to be developed or receiving benefits under this act.
 - (ii) A specific work or improvement either for rental or for subsequent sale to an individual purchaser undertaken by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association pursuant to or receiving benefits under this act to provide dwelling accommodations, including the acquisition, construction, or rehabilitation of lands, buildings, and improvements.
 - (iii) Social, recreational, commercial, and communal facilities that the authority finds necessary to serve and improve a residential area in which housing pursuant to subparagraph (i) or (ii) is located or is planned to be located, thereby enhancing the viability of the housing.
- (g) "Low income or moderate income persons" means families and persons who cannot afford to pay the amounts at which private enterprise, without federally-aided mortgages or loans from the authority, is providing a substantial supply of decent, safe, and sanitary housing and who fall within income limitations set in this act or by the authority in its rules. Among low income or moderate income persons, preference shall be given to the elderly and those displaced by urban renewal, slum clearance, or other governmental action.
- (h) "Municipality" means a city, village, or township in this state.
- (i) "County" means a county within this state.
- (j) "Governing body" means in the case of a city, the council or commission of the city; in the case of a village, the council, commission, or board of trustees of the village; in the case of a township, the township board; and in the case of a county, the county board of commissioners.
- (k) "Nonprofit housing corporation" means a nonprofit corporation incorporated pursuant to the corporation laws of this state and chapter 4.
- (l) "Consumer housing cooperative" means a nonprofit corporation incorporated pursuant to the corporation laws of this state and chapter 5.
- (m) "Annual shelter rent" means the total collections during an agreed annual period from all occupants of a housing project representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

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

(o) "Elderly" means a single person who is 55 years of age or older or a household in which at least 1 member is 55 years of age or older and all other members are 50 years of age or older.

(p) "Housing development" means a development that contains a significant element of housing for persons of low or moderate income and elements of other housing and commercial, recreational, industrial, communal, and educational facilities that the authority determines improve the quality of the development as it relates to housing for persons of low or moderate income.

(q) "Limited dividend housing corporation" means a corporation incorporated or qualified pursuant to the corporation laws of this state and chapter 6 and a limited dividend housing association organized and qualified pursuant to chapter 7.

(r) "Residential real property" means real property located in this state, used for residential purposes, and improved or to be improved by a residential structure. Residential real property includes a mobile home, a mobile home park, and a mobile home condominium project. When the terms "rehabilitate" or "rehabilitation" are used in conjunction with residential real property, residential real property refers to property improved by a residential structure.

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

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

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

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

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

(B) That approval of elimination of income limits applicable in connection with authority loans has been received from the city in the form of either a resolution adopted by the highest legislative body of the city or, if the city charter provides for the mayor to be elected at large with that office specifically designated on the ballot, provides that the office of mayor is a full-time position, and provides that the mayor has the power to veto legislative actions of the legislative body of that city, a written communication from the mayor of that city.

(ii) A municipality that meets all of the following requirements:

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

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

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

(D) The municipality has had an unemployment rate higher than the statewide average unemployment rate for 3 of the preceding 5 years.

(iii) An area located in a local unit of government certified by the Michigan enterprise zone authority as meeting the criteria prescribed in section 2(d) of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.772 of the Michigan Compiled Laws.

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

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

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

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

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

(aa) "Housing unit" means living accommodations that are intended for occupancy by a single family, that may be site constructed or may be a mobile home or other form of manufactured housing, and with respect to which either of the following applies:

(i) The occupant owns the housing unit.

(ii) A cooperative shareholder or member has a proprietary lease of the housing unit.

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

(i) The section 8 leased housing program established under section 8 of the United States housing act of 1937, 42 U.S.C. 1437f, and the regulations promulgated under that act, or a substantially equivalent successor federal program.

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

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

(dd) "Mortgage lender" means a state or national bank, state or federal savings and loan association, mortgage company, insurance company, state pension fund, or any other financial institution, intermediary, or entity authorized to make mortgage loans in this state.

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

(ff) "Subsidiary nonprofit housing corporation" means an entity created under section 22c.

(gg) "Family income" means all income that is included in a determination of family income under section 143(f) of the internal revenue code together with the income of all adults who will reside in the residence, which income might otherwise be excluded from consideration because the individual was not expected to both live in the residence and be primarily or secondarily liable on the mortgage note.

(hh) "Statewide median gross income" means the statewide median gross income as determined under section 143(f) of the internal revenue code.

(ii) "Mutual housing association" means a corporation organized in accordance with chapter 10.

Sec. 17. The authority may provide to any organization or person participating or intending to participate in the development, design, or management of authority-assisted housing or in the contracting or subcontracting of the construction or rehabilitation of authority-assisted housing, such advisory, consultative, technical, training, and educational services as will assist them to more effectively provide authority-assisted housing. Advisory and educational services may include but are not necessarily limited to technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives.

Sec. 32. (1) The authority may create and establish 1 or more special funds called capital reserve funds to secure notes and bonds of the authority. The authority shall pay into a capital reserve fund money appropriated and made available by this state for the purposes of the fund, the proceeds of the sale of notes or bonds to the extent provided in the resolution of the authority authorizing the issuance of the notes or bonds, and other money that is made available to the authority for the purpose of a fund from any other source. In addition to, or in lieu of, depositing money in a capital reserve fund, the authority may obtain and pledge letters of credit that may be drawn upon for the purposes of the capital reserve fund, and the amount available to be drawn under letters of credit pledged to a capital reserve fund shall be credited toward the satisfaction of a capital reserve fund requirement. All money and proceeds of draws under letters of credit held in any capital reserve fund, except as specifically provided, shall be used as required solely for the payment of the principal of notes or bonds of the authority secured in whole or in part by the capital reserve fund, for the purchase or redemption of notes or bonds, for the payment of interest on the notes or bonds, or for the payment of any redemption premium required to be paid when the notes or bonds are redeemed prior to maturity. However, the authority shall not use the capital reserve fund for any optional purchase or optional redemption of notes or bonds if the use would reduce the total of the money on deposit in the capital reserve fund and amounts available to be drawn on any letter of credit pledged to a capital reserve fund to less than the capital reserve fund requirement established for the fund. Any income or interest earned by, or increment to, a capital reserve fund due to the investment of the money in the capital reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the total of the amount of money in a capital reserve fund and amounts available to be drawn on any letter of credit pledged to the capital reserve fund below the capital reserve fund requirement for a fund.

(2) The authority shall not at any time issue notes or bonds secured in whole or in part by a capital reserve fund if, upon the issuance of the notes or bonds, the amount in the capital reserve fund, including the amounts available to be drawn on any letter of credit pledged to a capital reserve fund, would be less than the capital reserve fund requirement for the fund, unless the authority, at the time of issuance of the notes or bonds, deposits in the fund from the proceeds of the notes or bonds to be issued, or from other sources, an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund, or obtains a letter of credit in an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund. For purposes of this section, "capital reserve fund requirement" means the requirement provided in the resolution of the authority authorizing the notes or bonds with respect to which the fund is established, which amount shall not exceed the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the notes or bonds of the authority secured in whole or part by the fund.

(3) The authority has, before January 9, 1977, in connection with its housing development bonds issued pursuant to a bond resolution dated June 10, 1971, established within the capital reserve fund relating to housing development bonds, a capital reserve account and a capital reserve capital account. This capital reserve account constitutes a capital reserve fund under this act. Money in this capital reserve account shall secure only housing development bonds issued pursuant to the June 10, 1971 bond resolution. Unless otherwise provided by the authority, money in the capital reserve capital account shall secure all bonds and notes of the authority. In determining whether the capital reserve fund requirement established for any capital reserve fund has been met, the authority shall not include or take into account money in the capital reserve capital account.

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

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

(a) The authority shall not have outstanding at any time bonds and notes for any of its corporate purposes in an aggregate principal amount exceeding \$4,200,000,000.00, excluding all of the following:

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

(ii) The principal amount of bonds and notes that appreciate in principal amount, except to the extent of the principal amount of these bonds and notes payable at such time.

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

(b) After November 1, 1996, the limitation on the aggregate principal amount of notes and bonds provided in subdivision (a) is reduced to \$1,800,000,000.00, but, in addition to the exclusions provided in subdivision (a), the aggregate principal amount of bonds and notes issued before November 2, 1996, subject to the limitations of section 32a shall be excluded from this reduced limitation.

(6) Subject to the limitation in subsection (5), that portion of the state ceiling to be used for qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects shall be allocated to the authority unless the authority elects by resolution to allow another issuer to issue qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects. As used in this subsection:

(a) "State ceiling" means the aggregate amount of certain private activity bonds, including qualified mortgage bonds, that may be issued in any calendar year in this state pursuant to section 146 of the internal revenue code.

(b) "Qualified mortgage bond", "mortgage credit certificate", and "qualified residential rental project" mean those terms as defined in the internal revenue code.

(7) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this act, the authority shall accumulate in each capital reserve fund an amount equal to the capital reserve fund requirement for that fund. If at any time the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the authority shall transfer to this fund from the capital reserve capital account established by the authority's June 10, 1971 bond resolution the amount necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. If a deficiency exists in more than 1 capital reserve fund and the amount in the capital reserve capital account is not sufficient to fully restore the capital reserve funds, the money in the capital reserve capital account shall be allocated between the deficient capital reserve funds pro rata according to the amounts of the deficiencies. If at any time the capital reserve capital account has been exhausted and the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the chairperson of the authority on or before September 1 shall certify to the governor and budget director the amount, if any, necessary to restore a capital reserve fund to an amount equal to the capital reserve fund requirement. The governor and the budget director shall include in the annual budget the amount certified by the chairperson of the authority.

(8) In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of the fund is invested shall be valued at par. If the securities are purchased at other than par, the securities may be valued at their cost to the authority, as adjusted by amortization of the discount or premium paid upon purchase of the securities on a pro rata basis to the maturity date of the securities.

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

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

(11) The authority shall implement a program of loans for mobile homes as soon as is reasonably feasible. The authority shall develop a program for financing the construction or rehabilitation of mobile home parks and mobile home condominium projects within 24 months after December 31, 1982, subject to a determination of feasibility by the authority and the authority's ability to sell bonds.

(12) The authority shall implement a program of loans for consumer housing cooperatives as soon as is reasonably feasible. The authority shall develop a program for financing the construction or rehabilitation of consumer housing cooperative projects within 12 months after July 10, 1984, subject to a determination of feasibility by the authority and the authority's ability to sell bonds.

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

(14) Before October 1 of each year, the authority shall identify housing production goals for housing projects financed with bonds and notes issued under the limitations provided in section 32a. The authority shall identify a goal for the authority as a whole and a specific goal for each program. The authority shall submit those goals in an annual report to the governor and to the house committee on urban affairs and the senate committee on finance, or their successor committees.

(15) Within 6 months after the legislature enacts or the authority adopts a new program, the authority shall submit an interim report to the same persons to which an annual report is submitted. If both the legislature and the authority establish a program, the authority shall submit the interim report within 6 months after the effective date of the act establishing the program. The authority shall include in an interim report all of the information required in an annual report that is specific to that program.

(16) After the initial or an interim report, the authority shall include in an annual report all of the following for each program:

(a) Whether the production goals for the previous 12-month period have been met. If those production goals have not been met, the authority shall explain in the report the reasons why those production goals have not been met.

(b) Any significant obstacles to the development of housing for low and moderate income persons that have been encountered by the authority.

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

(d) The estimated economic and social benefits of these housing projects to the municipalities in which the housing projects have been constructed.

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

(f) The estimated extent of additional reinvestment activities by private lenders attributable to the authority's financing of these housing projects.

(g) The age, race, family size, median income, and average income of the tenants of these housing projects.

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

(i) The progress in developing mobile home parks and mobile home condominium projects, in financing the construction or rehabilitation of consumer housing cooperative projects, and in financing the construction or rehabilitation of nonprofit housing corporation projects.

(j) A report on the neighborhood preservation program under section 44f shall include information about the progress in developing the program, the neighborhoods identified as being eligible for the program, the neighborhoods or municipalities that have applied for the program, the neighborhoods that have received funds from the program, and the reasons that neighborhoods or municipalities have been denied funds from the program.

(k) A report on the status of federal programs that provide assistance to low income tenants displaced as the result of prepayments of federally and authority assisted loans. If the authority determines that federal programs are

inadequate for tenants of authority-financed housing projects, the authority will provide recommendations to the legislature as to how to address this problem on or before May 1, 1989.

(l) A report on the low income housing tax credit program under section 22b, which shall include information regarding the amount of tax credits allocated to the state under each of the subdivisions of section 22b(2); the projects that have received tax credits; and the reasons why projects have been denied tax credits under the program; a geographical description of the distribution of those tax credits; and a description of any amendments to the allocation plan made during that year.

(m) A report on education and training opportunities provided by the authority under section 17 which will indicate the types of education and training opportunities made available and the amount of funding committed to these activities.

(17) The authority shall insure that the income characteristics of individuals served by an authority program are provided in a manner that insures each individual's confidentiality. The authority shall also insure that proprietary information in its reports under this section concerning an individual, corporation, cooperative, or association is not released without the permission of that individual, corporation, cooperative, or association.

Sec. 32a. (1) The \$2,400,000,000.00 increases in debt capacity of the authority authorized after July 9, 1984 shall be subject to the following limitations:

(a) Not more than \$1,300,000,000.00 shall be used to finance home improvement loans and single family homes. With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, for the first 120 days following the announcement of a program funded by the proceeds of those bonds, 50% of the proceeds of those bonds available to make loans, as determined by the preliminary information obtained by originating lenders at the time a reservation is submitted, shall be reserved for applicants with gross annual incomes at or below 55% of the statewide median gross income. With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, not more than 50% of the proceeds of those bonds may be used to finance single family homes for homebuyers who previously have had an ownership interest in a residence. For purposes of this subsection, a previous ownership interest in a mobile home shall not be considered to be an ownership interest in a residence. The authority may rely on the applicant's affidavit to determine whether or not the applicant has had a prior ownership interest in a residence. The authority shall publicize the programs funded under this subdivision by using all reasonable means available, including, but not limited to, public interest announcements in the media, and announcements to lending institutions, community groups, and real estate organizations. The authority shall submit a report annually to the legislature containing all statistics necessary to indicate its compliance with this subdivision.

(b) Not more than \$800,000,000.00 shall be used to finance multifamily housing projects under section 44c and not more than 75% of this amount shall be used for housing projects located in areas other than eligible distressed areas.

(c) Not more than \$300,000,000.00 shall be used to finance multifamily housing projects exclusive of multifamily housing projects financed under section 44c and not more than 50% of this amount shall be used for housing projects located in areas other than eligible distressed areas.

(2) Except as provided in subsection (3), a note or bond issued by the authority after July 9, 1984 shall be considered to be issued subject to the limitations of subsection (1). After the limitation set forth in subsection (1)(c) has been reached, the principal amount of a note or bond issued to finance housing described in subsection (1)(c) shall be applied against the debt capacity that was in effect on July 9, 1984. After a limitation set forth in subsection (1)(a) or (b) is reached, the authority shall not issue a note or bond under the provisions of section 44c or 44(2)(a).

(3) A note or bond issued by the authority under section 25 for the purpose of developing, rehabilitating, or acquiring real and personal property for use by the authority as office facilities shall be applied against the debt capacity that was in effect on July 7, 1984.

Sec. 32b. (1) The authority is designated as the administrator of the mortgage credit certificate program for this state permitted under section 25 of the internal revenue code. The authority shall elect under section 25 of the internal revenue code to convert at least \$59,000,000.00 of 1985 federal mortgage revenue bond authority into mortgage credit certificate authority.

(2) The authority shall prepare guidelines that would allow for the implementation of a mortgage credit certificate program through mortgage lenders.

(3) To qualify for receipt of a mortgage credit certificate with respect to the acquisition of an existing housing unit, including a residential condominium or mobile home, the purchase price with respect to the unit shall not exceed the lesser of \$80,000.00 or 90% of the average area purchase price for existing housing and the borrower's family income shall not exceed the following:

(a) If the housing unit is located in an eligible distressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00 after that date.

(b) If the housing unit is located in an area other than an eligible distressed area, \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date.

(4) To qualify for receipt of a mortgage credit certificate with respect to the acquisition of a new housing unit, including a residential condominium or mobile home, the purchase price with respect to the unit shall not exceed the lesser of \$99,000.00 or 90% of the average area purchase price for new housing and the borrower's family income shall not exceed the following:

(a) If the housing unit is located in an eligible distressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00 after that date.

(b) If the housing unit is located in an area other than an eligible distressed area, \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date.

(5) The authority may increase the purchase price limit in subsection (3) to cover the cost of improvements to adapt the property for use by handicapped individuals. The amount of the increase shall be the amount of the costs described in this subsection or the sum of \$3,500.00, whichever is less.

(6) The authority may increase the purchase price limit in subsection (4) to cover unexpected cost increases during construction or the cost of improvements to adapt the property for use by handicapped individuals. The amount of the increase shall be the amount of the costs described in this subsection or the sum of \$3,500.00, whichever is less.

(7) To qualify for receipt of a mortgage credit certificate with respect to the improvement or rehabilitation of an existing housing unit, including a residential condominium or mobile home, the borrower's family income shall not exceed the following:

(a) If the housing unit is located in an eligible distressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00 after that date.

(b) If the housing unit is located in an area other than an eligible distressed area, \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date.

(8) If an income or purchase price limit prescribed by subsection (3), (4), (5), (6), or (7) exceeds a limit prescribed by the internal revenue code, the internal revenue code limit applies. Except with respect to newly constructed housing units, until November 1, 1996 the authority may at any time by resolution establish, for any length of time it deems appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive income or purchase price limits.

Sec. 44. (1) (a) The authority may make loans to any nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park corporation, or mobile home park association or to any public body or agency for the construction or rehabilitation, and for the long-term financing, of the following:

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

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

(iii) For the period of time beginning May 1, 1984, and ending November 1, 1987, housing projects in eligible distressed areas in which housing projects not less than 20% of the dwelling units are allotted to individuals of low or moderate income within the meaning of former section 103(b)(4)(A) of the internal revenue code; not less than 60% of the dwelling units are available to persons and families whose gross household income does not exceed 150% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, and not more than 20% of the dwelling units may be made available for occupancy without regard to income.

(iv) For the period of time beginning November 1, 1987, and ending November 1, 1996, multifamily housing projects that meet the 20-50 test established in section 142 of the internal revenue code and, in addition, in which not less than 15% of the dwelling units are allotted to persons and families whose gross household income does not exceed 125% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, or to the elderly; not less than 15% of the dwelling units are allotted to persons and families whose gross household income does not exceed 150% of the median income for a family in this state or the median income for a family

within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, or to the elderly; and not more than 50% of the dwelling units are available for occupancy without regard to income.

(v) For the period of time beginning November 1, 1987, and ending November 1, 1996, multifamily housing projects in eligible distressed areas that meet the 20-50 test established in section 142 of the internal revenue code and, in addition, in which not more than 80% of the dwelling units are available for occupancy without regard to income.

(vi) Social, recreational, commercial, or communal facilities necessary to serve and improve the residential area in which an authority-financed housing project is located or is planned to be located thereby enhancing the viability of such housing.

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

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

(ii) For any annual period after the first tenant has occupied the housing project, the owner of the housing project has been unable to attain and sustain at least a 95% occupancy level at the housing project.

(c) A loan under this section may be in an amount not to exceed 90% of the project cost as approved by the authority. For purposes of this section, the term "project cost" includes all items included in the definition of a project cost in section 11 and also includes a builder's fee equal to an amount up to 5% of the amount of the construction contract, developer overhead allowance and fee of 5% of the amount of the project cost, the cost of furnishings, and a sponsor's risk allowance equal to 10% of the project cost. A loan shall not be made under this section unless a market analysis has been conducted which demonstrates a sufficient market exists for the housing project.

(d) After November 1, 1987, the authority may continue to finance multifamily housing projects for families or persons whose incomes do not exceed the limits provided in subsection (1)(a)(ii) or (iii), or (1)(b), until funds derived from the proceeds of bonds or notes issued before November 2, 1987, for that purpose, including the proceeds of prepayments or recovery payments with respect to these multifamily housing projects, have been expended. Multifamily housing projects or single family housing units in an eligible distressed area which are financed by proceeds of notes or bonds issued before June 30, 1984, and which the authority has designated for occupancy by persons and families without regard to income pursuant to this act shall remain eligible for occupancy by families and persons without regard to income until the authority's mortgage loan issued with respect to these multifamily housing projects is fully repaid.

(e) After November 1, 1996, the authority may continue to finance multifamily housing projects for families or persons whose incomes do not exceed the limits provided in subsection (1)(a)(iv) or (v), or (1)(b), until funds derived from the proceeds of bonds or notes issued before November 2, 1996 for that purpose, including the proceeds of refunding notes or bonds or prepayments or recovery payments with respect to these multifamily housing projects, have been expended.

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

(g) For purposes of this subsection:

(i) "Gross household income" means gross income of a household as those terms are defined in rules of the authority.

(ii) "Median income for a family in this state" and "median income for a family within the nonmetropolitan county or metropolitan statistical area" mean those income levels as determined by the authority.

(2) (a) The authority may make loans to any nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association for the construction or rehabilitation of housing units, including residential condominium units as defined in section 4 of the condominium act, Act No. 59 of the Public Acts of 1978, being section 559.104 of the Michigan Compiled Laws, for sale to individual purchasers of low or moderate income or to individual purchasers without regard to income when the housing units are located in an eligible distressed area. The authority may make or purchase loans to individual purchasers for the long-term financing of a newly rehabilitated, newly constructed, or existing housing unit, including a residential condominium unit as defined in section 4 of Act No. 59 of the Public Acts of 1978. For a loan for a newly rehabilitated or newly constructed housing unit, including a residential condominium unit, the borrower's family income shall not exceed \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date and the purchase price of the housing unit shall not exceed the lesser of \$99,000.00 or 90% of the average area purchase price for new housing. For unexpected cost increases during construction or improvements to adapt the property for use by handicapped individuals, the authority may increase the purchase price limit by an amount sufficient to cover those cost increases, but not to exceed \$3,500.00. For a loan for an existing housing unit, including a residential condominium unit, the borrower's family income shall not exceed \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date and the purchase price of the housing unit shall not exceed the lesser of \$80,000.00

or 90% of the average area purchase price for existing housing. For costs for improvements to adapt an existing housing unit for use by handicapped individuals, the authority may increase the purchase price limit by an amount sufficient to cover those cost increases, but not to exceed \$3,500.00. If an income or purchase price limit prescribed by this subsection exceeds a limit prescribed by the internal revenue code, the internal revenue code limit applies. Except with respect to newly constructed housing units, until November 1, 1996 the authority may at any time by resolution establish, for any length of time it considers appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive maximum borrower income or purchase price limits. Before making any loan under this section, authority staff shall determine that the borrower has the ability to repay the loan. A loan made or purchased to finance the acquisition of an existing housing unit may include funds for rehabilitation. A loan under this section may be in an amount not to exceed 100% of the project cost as approved by the authority in the case of a nonprofit housing corporation or individual purchaser, and in an amount not to exceed 90% of the project cost as approved by the authority in the case of a limited dividend housing corporation, mobile home park corporation, or mobile home park association.

(b) While a loan under this subsection is outstanding, any sale by a nonprofit housing corporation or limited dividend housing corporation or any subsequent resale is subject to approval by the authority. The authority shall provide in its rules concerning these sales and resales that the price of the housing unit sold, the method of making payments after the sale, the security afforded, and the interest rate, fees, and charges to be paid shall at all times be sufficient to permit the authority to make the payments on its bonds and notes and to meet administrative or other costs of the authority in connection with the transactions. Housing units shall be sold under terms that provide for monthly payments including principal, interest, taxes, and insurance.

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

(d) Upon the sale by a nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association of any housing unit to an individual purchaser of low or moderate income or to an individual purchaser without regard to income if the unit is located in an eligible distressed area under this subsection to whom a loan is being made by the authority, the housing unit shall be released from the mortgage running from the nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association to the authority, and the mortgage shall be replaced as to the housing unit by a mortgage running from the individual purchaser to the authority.

(e) The authority shall encourage nonprofit housing corporations and limited dividend housing corporations engaged in construction or rehabilitation under this subsection to utilize the labor of prospective individual purchasers of low or moderate income in the construction or rehabilitation of the housing units involved. The value of the labor of the prospective purchasers so utilized shall be used to reduce the project costs of the housing units involved.

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

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

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

Sec. 44a. (1) The authority may make, purchase, or participate in loans, grants, or deferred payment loans to persons and families of low and moderate income to finance the rehabilitation of residential real property designed for occupancy by not more than 4 families which is owned or is being purchased by 1 or more persons or families of low and moderate income and which is for occupancy by persons or families of low and moderate income.

(2) The authority, without regard to the income of the owners or occupants of residential rental property, may make, purchase, or participate in loans, grants, or deferred payment loans for the rehabilitation of residential rental property to persons or entities owning residential rental property located in areas of chronic economic distress and moderate cost residential rental property located elsewhere in this state.

(3) A loan under this section may be secured or unsecured as determined by the authority. If the loan is unsecured, it shall be accepted for insurance under title 1 of the national housing act, 12 U.S.C. 1702, 1703, 1705, and 1706b to 1706d, or another federal or private insurance program providing coverage at least equal to that provided by that title, or the authority shall establish a reserve for losses on uninsured loans made under this section and shall deposit into that

reserve an amount equal to 5% of the principal amount of each such uninsured loan on or before the making of the loan. Money may be withdrawn by the authority from this reserve for application as loan repayments in connection with loans that are delinquent. In addition, upon repayment of a loan made, purchased, or participated in under this section, the authority may withdraw the amount deposited in the reserve in connection with that loan, reduced by any amounts withdrawn as loan repayments in connection with the loan, and may apply the amounts to any of the authority's programs and purposes. Any income or interest earned by or increment to the reserve due to the investment of the money in the reserve may, at such times as the authority shall determine, be transferred by the authority to other funds or accounts of the authority and applied to any of the corporate purposes of the authority. A loan under this section shall bear interest at a rate and be repaid in the period, not exceeding 20 years, as may be determined by the authority and under additional terms and conditions as may be determined by the authority.

(4) A deferred payment loan or grant may be secured or unsecured as determined by the authority, and shall be made under additional terms and conditions determined by the authority.

(5) In recognition of the need for rehabilitation loans, grants, and deferred payment loans in all geographic areas of the state, the authority shall promulgate rules that provide for the availability of loans, grants, and deferred payment loans on an equitable basis to qualified applicants in all geographic areas of this state. With respect to loans, grants, and deferred payment loans made pursuant to this section that are not based on residency in a neighborhood selected pursuant to section 22a(5), eligibility for loans, grants, or deferred payment loans shall not be based upon the number of qualified applicants in the geographic area in which the individual resides.

(6) For purposes of this section, persons and families of low and moderate income means persons and families whose family income does not exceed \$41,700.00 on or before May 1, 1995, and \$43,575.00 after that date. Until November 1, 1996 the authority may at any time by resolution establish, for any length of time it considers appropriate, maximum family income limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive maximum family income limits.

Sec. 49. Every mortgage of real estate held by the authority which contains a power of sale, upon default being made in any condition of such mortgage, may be foreclosed by advertisement, in the cases and in the manner specified in sections 49a to 49v, including the giving of a notice as described in sections 49b and 49c.

Sec. 49j. (1) If the mortgagor; his or her heirs, executors, or administrators; or any person lawfully claiming from, or under the mortgagor or the mortgagor's heirs, executors, or administrators, redeems the entire premises sold within the applicable time limit prescribed in this section by paying to the purchaser; to the purchaser's executors, administrators, or assigns; or to the register of deeds in whose office the deed is deposited for the benefit of the purchaser, the sum which was bid for the premises, with interest from the time of the sale at the rate percent, borne by the mortgage, and in case the payment is made to the register of deeds, the sum of \$5.00 as a fee for the care and custody of the redemption money, then the deed shall be void and of no effect. If a distinct lot or parcel separately sold is redeemed, leaving a portion of the premises unredeemed, then the deed shall be inoperative merely to the parcel or parcels so redeemed, and to those portions not so redeemed shall remain valid and of full effect. If, following the sale, the purchaser pays a sum as taxes assessed against the property or premiums upon an insurance policy covering any buildings located on the property which under the terms of the mortgage it would have been the duty of the mortgagor to have paid, had the mortgage not been foreclosed, and which premiums are necessary to keep the policy in force until the expiration of the period of redemption, and the purchaser or someone in his or her behalf having knowledge of the facts makes an affidavit of the payment showing the amount and items paid, together with the receipt evidencing the payment of the taxes or insurance premiums, as the case may be, together with an affidavit of an insurance agent of the insurance company stating the making of the payment and also what portion of the policy covers the premium for the period prior to the expiration of the period of redemption, the affidavits and the receipt shall be filed with the register of deeds with whom the deed is deposited, who shall endorse on the deed the time the affidavits and receipt were received. The register of deeds shall record at length the affidavit of the purchaser only and shall preserve in his or her files the recorded affidavit, together with the tax and insurance receipts and insurance agent's affidavit, until expiration of the period of redemption. After the purchaser's affidavit is recorded, redemption shall only be made upon payment of the sum specified in this subsection plus the amount shown by the affidavits and receipts to have been so paid, with interest on the amount, from the date of the payment to the date of redemption, at the rate specified in the mortgage.

(2) In the case of a mortgage executed on commercial or industrial property, or multifamily residential property in excess of 4 units, the redemption period is 6 months from the time of the sale.

(3) In the case of a mortgage executed on residential property not exceeding 4 units and not more than 3 acres in size, if the amount claimed to be due on the mortgage at the date of the notice of foreclosure is more than 66-2/3% of the original indebtedness secured by the mortgage, the redemption period is 6 months.

(4) In the case of a mortgage on residential property not exceeding 4 units and not more than 3 acres in size, if the property is abandoned as determined pursuant to section 49k, the redemption period is 3 months.

(5) In the case of any mortgage on residential property not exceeding 4 units and not more than 3 acres in size, if the amount claimed to be due on the mortgage at the date of the notice of foreclosure is more than 66-2/3% of the original indebtedness secured by the mortgage and the property is abandoned as determined pursuant to section 49k, the redemption period is 1 month.

(6) If the property is abandoned as determined pursuant to section 49v, the redemption period is 30 days.

(7) In any other case not otherwise described in this section, the redemption period is 1 year from the date of the sale.

Sec. 49k. For purposes of sections 49 to 49u, abandonment of premises shall be conclusively presumed upon satisfaction of all of the following requirements:

(a) Within 30 days before the commencement of foreclosure proceedings under this chapter, the authority mails by certified mail, return receipt requested, to the mortgagor's last known address a notice that the subject mortgage is in default and that the authority intends to foreclose it.

(b) Before commencement of foreclosure proceedings under this chapter, the authority executes and causes to be duly recorded in the county where the premises are located an affidavit that states all of the following:

(i) That the authority has mailed to the last known address of the mortgagor a notice of default and intention to foreclose pursuant to subdivision (a) and that the mortgagor has not responded to the notice.

(ii) That the authority has made a personal inspection of the mortgaged premises and that the inspection does not reveal that the mortgagor or persons claiming under him or her are presently occupying or intend to occupy the premises.

(c) The authority mails by certified mail, return receipt requested, a copy of the affidavit recorded pursuant to subdivision (b) to the mortgagor at his or her last known address before commencement of foreclosure proceedings.

(d) The mortgagor; his or her heirs, executors, or administrators; or any person lawfully claiming from, or under the mortgagor or the mortgagor's heirs, executors, or administrators, before expiration of the period of redemption, does not give a written affidavit to the authority and record a duplicate original in the county where the premises are located stating that the mortgagor or person claiming under him or her is occupying or intends to occupy the premises.

Sec. 49n. If after any sale of real estate, made as prescribed in sections 49 to 49v, the officer or other person making the sale has any surplus money after satisfying the mortgage on which the real estate was sold, and payment of the costs and expenses of the foreclosure and sale, the surplus shall be paid over by the officer or other person on demand, to the mortgagor or his or her legal representatives or assigns, unless at the time of the sale, or before the surplus is paid over, a claimant or claimants file with the person making the sale, a claim or claims, in writing, duly verified by the oath of the claimant or his or her agent or attorney, that the claimant has a subsequent mortgage or lien encumbering the real estate, or some part of the real estate, and stating the amount of the mortgage or lien unpaid, setting forth the facts and nature of the mortgage or lien, in which case the person making the sale shall immediately upon receiving the claim pay the surplus to, and file the written claim with, the clerk of the circuit court for the county in which the sale is made. A person interested in the surplus may apply to the court for an order to take proofs of the facts and circumstances contained in the claim or claims filed. The court shall summon the claimant or claimants, party, or parties interested in the surplus to appear before the court at a time and place named by the court, and attend the taking of the proof, and the claimant or claimants or party interested who appear may examine witnesses and produce such proof as they see fit. The court shall make an order directing the disposition of the surplus money or payment of the surplus money in accordance with the rights of the claimant or claimants or persons interested.

Sec. 49o. (1) A party desiring to perpetuate the evidence of a sale made pursuant to sections 49 to 49v, may procure 1 or more of the following:

(a) An affidavit of the publication of the notice of sale, and of any notice of postponement, to be made by the publisher of the newspaper in which the notice was inserted, or by a person in the employ of the publisher of the newspaper knowing the facts.

(b) An affidavit of the fact of a sale pursuant to such notice, to be made by the person who acted as auctioneer at the sale, stating the time and place at which the sale took place, the sum bid, and the name of the purchaser.

(c) An affidavit setting forth the time, manner, and place of posting a copy of such notice of sale to be made by the person posting the copy of the notice.

(2) Where any or all of the affidavits described in subsection (1) are endorsed upon or annexed to 1 instrument, a single copy of the notice of sale, and a single copy of any notice of postponement, is sufficient to annex to the instrument, and reference made in any of the affidavits to the copy of notice of sale and to the copy of any notice of postponement of sale as annexed or attached shall be considered to refer to the single copy of notice of sale and to the single copy of any notice of postponement.

Sec. 49t. Incident to the foreclosure of a mortgage pursuant to sections 49 to 49v, the authority or its agents or assigns may enter the mortgaged premises for the purpose of posting or serving the notices required by sections 49 to 49v.

Sec. 49u. If, in the foreclosure of a mortgage by advertisement under this section and sections 49 to 49v, a sale of real property has been made or is made by the authority, at which the authority has become or becomes the purchaser, or takes or has taken title to the real property at the sale either directly or indirectly, and the authority sues for and undertakes to recover a deficiency judgment against the mortgagor or other maker of the obligation or any other person liable on the obligation, the defendant against whom such deficiency judgment is sought may allege and show, as a matter of defense and set-off to the extent only of the amount of the authority's claim, that the property sold was fairly worth the amount of the debt secured by it at the time and place of sale or that the amount bid was substantially less than its true value. The showing constitutes a defense to the action and defeats the deficiency judgment against the defendant, either in whole or in part to that extent. This section does not affect nor apply to the rights of other purchasers or of innocent third parties, nor shall it be held to affect or defeat the negotiability of any note, or other obligation secured by such mortgage or other instrument. The proceedings described in this section in no way affect the title of the purchaser to the lands acquired by such purchase. This section does not apply to foreclosure sales made pursuant to an order or decree of court nor to any judgment sought or rendered in any foreclosure suit nor to any chancery sale made and confirmed.

Sec. 49v. (1) For purposes of this chapter, if foreclosure proceedings have been commenced under this chapter against residential property not exceeding 4 units and not more than 3 acres in size, abandonment of premises shall be conclusively presumed upon satisfaction of all of the following requirements:

(a) The mortgagee has made a personal inspection of the mortgaged premises and the inspection does not reveal that the mortgagor or persons claiming under the mortgagor are presently occupying or will occupy the premises.

(b) The mortgagee has posted a notice at the time of making the personal inspection and has mailed by certified mail, return receipt requested, a notice to the mortgagor at the mortgagor's last known address, which notices state that the mortgagee considers the premises abandoned and that the mortgagor will lose all rights of ownership 30 days after the foreclosure sale unless the mortgagor; the mortgagor's heirs, executor, or administrator; or a person lawfully claiming from or under 1 of them provides the notice described in subdivision (c).

(c) Within 15 days after receipt of a notice required by subdivision (b), the mortgagor; the mortgagor's heirs, executor, or administrator; or a person lawfully claiming from or under 1 of them does not give written notice by first-class mail to the mortgagee at an address provided by the mortgagee in the notices required by subdivision (b) stating that the premises are not abandoned.

(2) This section applies to a foreclosure proceeding filed or pending after the effective date of the amendatory act that added this section.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.