

Act No. 338
Public Acts of 1996
Approved by the Governor
June 26, 1996
Filed with the Secretary of State
June 27, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Bankes, Bush, Bodem, London, Wetters, Pitoniak, Martinez, DeMars, Byl and Dolan

ENROLLED HOUSE BILL No. 4973

AN ACT to amend the title and sections 1, 4, 5, 6, 9, 11, 13, 16, 17, 18, 24, 27, 44a, 47, 56, 58, 59, and 59b of Act No. 18 of the Public Acts of the Extra Session of 1933, entitled as amended "An act to authorize any city, village, township or county to purchase, acquire, construct, maintain, operate, improve, extend and repair housing facilities; to eliminate housing conditions which are detrimental to the public peace, health, safety, morals or welfare; and for any such purposes to authorize any such city, village, township or county to create a commission with power to effectuate said purposes, and to prescribe the powers and duties of such commission and of such city, village, township or county; and for any such purposes to authorize any such city, village, township or county to issue notes and revenue bonds; to regulate the issuance, sale, retirement and refunding of such notes and bonds; to regulate the rentals of such projects and the use of the revenues of the projects; to prescribe the manner of selecting tenants for such projects; to provide for condemnation of private property for such projects; to confer certain powers upon such cities, villages, townships and counties in relation to such projects, including the power to receive aid and cooperation of the federal government; to provide for a referendum thereon; to create a board of tenant affairs in any city of 1,000,000 or over having a housing commission and operating 1 or more housing projects; to define the powers and duties of such board; to provide for the right of appeal from its determinations; to provide for cooperative financing by 2 or more cities, villages, townships or counties or any combination thereof; to provide for the issuance, sale and retirement of revenue bonds and special obligation notes for such purposes; to provide for financing agreements between cooperating borrowers; to provide for other matters relative to the bonds and notes and methods of cooperative financing; and for other purposes," section 4 as amended by Act No. 207 of the Public Acts of 1984, being sections 125.651, 125.654, 125.655, 125.656, 125.659, 125.661, 125.663, 125.666, 125.667, 125.668, 125.674, 125.677, 125.694a, 125.697, 125.707, 125.708, 125.709, and 125.709b of the Michigan Compiled Laws; to add sections 11a and 23; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Section 1. The title and sections 1, 4, 5, 6, 9, 11, 13, 16, 17, 18, 24, 27, 44a, 47, 56, 58, 59, and 59b of Act No. 18 of the Public Acts of the Extra Session of 1933, section 4 as amended by Act No. 207 of the Public Acts of 1984, being sections 125.651, 125.654, 125.655, 125.656, 125.659, 125.661, 125.663, 125.666, 125.667, 125.668, 125.674, 125.677, 125.694a, 125.697, 125.707, 125.708, 125.709, and 125.709b of the Michigan Compiled Laws, are amended and sections 11a and 23 are added to read as follows:

TITLE

An act to authorize any city, village, township, or county to purchase, acquire, construct, maintain, operate, improve, extend, and repair housing facilities; to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare; and for any such purposes to authorize any such city, village, township, or county to create a commission with power to effectuate said purposes, and to prescribe the powers and duties of such commission and of

such city, village, township, or county; and for any such purposes to authorize any such commission, city, village, township, or county to issue notes and revenue bonds; to regulate the issuance, sale, retirement, and refunding of such notes and bonds; to regulate the rentals of such projects and the use of the revenues of the projects; to prescribe the manner of selecting tenants for such projects; to provide for condemnation of private property for such projects; to confer certain powers upon such commissions, cities, villages, townships, and counties in relation to such projects, including the power to receive aid and cooperation of the federal government; to provide for a referendum thereon; to provide for cooperative financing by 2 or more commissions, cities, villages, townships, or counties or any combination thereof; to provide for the issuance, sale, and retirement of revenue bonds and special obligation notes for such purposes; to provide for financing agreements between cooperating borrowers; to provide for other matters relative to the bonds and notes and methods of cooperative financing; and for other purposes.

Sec. 1. As used in this act:

(a) "Borrower" means either of the following:

(i) The city, village, township, or county operating under this act.

(ii) A commission created under this act if empowered by ordinance of the creating governing body to act as a borrower for purposes of issuing bonds or notes under this act.

(b) "Business activity" means that term as defined in section 3(2) of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.3 of the Michigan Compiled Laws.

(c) "Commission" means the housing commission created under this act.

(d) "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 board of supervisors or county commissioners.

(e) "Incorporating unit" means the city, village, township, or county that creates a commission.

(f) "Ordinance" means either of the following:

(i) An ordinance of a city, village, township, or county.

(ii) To the extent the incorporating unit has granted or empowered a commission to take those actions otherwise required to be taken by the incorporating unit by ordinance, a resolution of the commission.

(g) "Township" means a township having a population over 100.

Sec. 4. (1) Subject to subsection (2), the commission shall consist of 5 members to be appointed by the chief administrative officer of the city or village, except that if a city or village has a chief administrative officer who is not elected by the electors of the city or village, the members of the commission may be appointed by the official designated by a resolution adopted by the governing body of the city or village. The term of office of members of the commission shall be 5 years. Members of the first commission shall be appointed for the terms of 1 year, 2 years, 3 years, 4 years, and 5 years respectively, and annually thereafter 1 member shall be appointed for the term of 5 years.

(2) One member of the commission shall be a tenant of public or subsidized housing as provided in this subsection. If, on the effective date of the amendatory act that added section 11a, a commission is managing an occupied project and has no tenant member, a tenant member shall be appointed for at least 1 of the next 3 vacancies after that effective date, or within 2 years after that effective date, whichever comes first. If, on the effective date of the amendatory act that added section 11a, a commission did not yet exist or did not yet manage an occupied project, a tenant member shall be appointed for at least 1 of the next 2 vacancies after the first project of the commission is occupied or within 2 years after the first project of the commission is occupied, whichever comes first. Beginning on the effective date of this amendatory act that added section 11a, the chief executive officer of the housing commission shall send written notice of a commission vacancy to the president of each resident organization. The notice shall be included in the rent notice to each tenant. For a commission with authority for less than 250 units, if no tenant applies for membership on the commission within 60 days after notice is sent to tenants, the appointing official may appoint a person otherwise qualified under this act to serve as a member of the commission, if the chief executive officer of the commission has proof of the written notice required under this section.

(3) Upon recommendation of the appointing authority to the governing body, the governing body of the incorporating unit may remove a member of the commission from office before the expiration of his or her term. Subject to subsection (2), a vacancy in office shall be filled by the appointing authority for the remainder of the unexpired term.

(4) A member of the commission may receive compensation for actual expenses incurred in serving as a member of the commission in an amount determined by the commission. The governing body of an incorporating unit may adopt a resolution establishing limitations on the amounts of actual expenses that may be paid to a member of a commission.

(5) The commission shall be a public body corporate. Except as otherwise provided in this act, the commission may do all of the following:

(a) Sue and be sued in any court of this state.

(b) Form or incorporate nonprofit corporations under the laws of this state for any purpose not inconsistent with the purposes for which the commission was formed.

(c) Serve as a shareholder or member of a qualified nonprofit corporation organized under the laws of this state.

(d) Authorize, approve, execute, and file with the Michigan department of commerce those documents that are appropriate to form and continue 1 or more nonprofit corporations.

(e) Form or incorporate for-profit corporations, partnerships, and companies under the laws of this state for any purpose not inconsistent with the purposes for which the commission was formed.

(6) As used in this section:

(a) "Chief administrative officer" means:

(i) The manager of a village or, if a village does not employ a manager, the president of the village.

(ii) The city manager of a city or, if a city does not employ a city manager, the mayor of the city.

(b) "Vacancy" means a seat for which the current appointee discontinues membership by death, resignation, or removal from office; by not seeking reappointment in writing prior to the expiration of his or her term; or by not being reappointed by the appointing authority within 5 days following the expiration of his or her term.

Sec. 5. (1) The business that the commission may perform shall be conducted at a public meeting of the commission held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The commission shall meet at regular intervals. It shall adopt its own rules of procedure and shall keep a record of the proceedings. Three members constitute a quorum for the transaction of business.

(2) A writing prepared, owned, used, in the possession of, or retained by the commission in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(3) A president and vice-president and other officers designated by the commission shall be elected by the commission. The commission may employ and fix the compensation of a director, who may also serve as secretary, and other employees as necessary. Upon the recommendation of the appointing authority, the governing body of an incorporating unit may adopt a resolution either conditioning the establishment of any compensation of an officer or employee of a commission upon the approval of the governing body or establishing compensation ranges and classifications to be used by a commission in fixing the compensation of its officers and employees. The commission shall prescribe the duties of its officers and employees and shall transfer to its officers and director those functions and that authority which the commission has prescribed. The commission may employ engineers, architects, attorneys, accountants, and other professional consultants when necessary.

Sec. 6. (1) Funds for the operation of the commission may be loaned or granted by the governing body. The governing body may condition the provision of funds to the commission upon an agreement that the commission shall as soon as possible reimburse the incorporating unit for all money expended by it for the commission from revenues received from the sale of bonds.

(2) A commission may solicit, accept, and enter into agreements relating to, grants from any public or private source, including the state or federal government or any agency of the state or federal government, and may carry out any federal or state program related to the purposes for which the commission is created. The governing body of an incorporating unit may adopt a resolution that requires approval by the governing body before the commission may accept or enter into agreements relating to 1 or more types of grants.

Sec. 9. The commission shall make an annual report of its activities to the governing body of the incorporating unit and shall make other reports as the governing body may from time to time require. The governing body of the incorporating unit, by resolution, may request the commission to prepare and submit a report containing an itemization of actual expenses paid to members of the commission as provided in section 4(4) and of compensation of officers and employees fixed as provided in section 5(3). The commission shall also report any action of the commission taken under section 6(2) in a manner sufficient to allow the governing body to exercise the authority granted under this act to supervise the activities of the commission.

Sec. 11. (1) All deeds, mortgages, contracts, leases, purchases, or other agreements regarding real property, including agreements to acquire or dispose of real property, shall be approved and executed in the name of the commission or the incorporating unit, as specified by ordinance or resolution of the governing body. For purposes of this section, contracts or leases regarding real property mean contracts to purchase or lease from a third party or other transactions under which rights or possession of real property are acquired, but do not include contracts, management

agreements, or leases of that property with tenants or facility managers. Contracts or leases with tenants or facility managers shall be executed by and in the name of the commission.

(2) Subsection (1) does not require contracts for the purchase of necessary materials and contracts related to the powers and duties of the commission under section 12 to be approved and executed by an incorporating unit.

(3) A governing body may transfer property to the commission for use by the commission for a purpose authorized by this act. The transfer of property to the commission, including property taken under the incorporating unit's power of eminent domain, shall be considered necessary for public purposes and for the benefit of the public.

(4) If an ordinance or resolution of the governing body provides in accordance with subsection (1) for the execution of agreements regarding real property in the name of the commission, or if a commission is empowered by the incorporating unit to act as a borrower for purposes of this act, the commission may sue and be sued with respect to those agreements executed or obligations issued by the commission. This subsection does not affect a limitation provided by this act or by the terms of an agreement upon the funds available or the pledge made for the payment of a claim against the commission.

Sec. 11a. (1) Property, income, and operations of the commission and property of a qualified entity that is located in the incorporating unit of the commission are exempt from all taxation by the state or any of its political subdivisions. However, a governing body may adopt an ordinance requiring the commission to pay an annual service fee in lieu of all taxes with respect to projects or facilities of the commission or qualified entities. The fee shall not exceed 10% of the annual shelter rent obtained from the projects or facilities.

(2) Each incorporating unit receiving as of the effective date of the amendatory act that added this section payment in lieu of taxes with respect to a project or facility of the commission or a qualified entity shall agree to accept a payment in lieu of taxes in an amount equal to that portion of the payment in lieu of taxes otherwise due multiplied by the percentage by which the millage rate of all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located for the year in which the payment in lieu of taxes is due bears to the millage rate levied in 1993 by all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located. This subsection does not require the increase of any payment in lieu of taxes previously agreed to by the incorporating unit.

(3) For purposes of this section, "qualified entity" means either of the following:

(a) A Michigan nonprofit corporation or a Michigan limited partnership having a Michigan nonprofit corporation as its sole general partner, if 1 of the following applies:

(i) The nonprofit corporation is owned by the commission.

(ii) A majority of the members of the board of directors of the nonprofit corporation are elected and removable by the commission.

(iii) The commission is the sole member of the nonprofit corporation.

(b) A for-profit corporation, partnership, or company formed or incorporated by the commission for the sole purpose of syndicating low income housing tax credits in connection with the redevelopment of a housing project that has been owned by the commission, if the commission maintains oversight responsibility for the management and operation of the project for which low income housing tax credits were syndicated and the for-profit entity does not engage in any other business activity unrelated to the housing project.

Sec. 13. Unless a governing body of the incorporating unit authorizes the execution of agreements regarding real property in the name of a commission as provided in section 11, all claims that may arise in connection with a housing project or projects shall be presented as are ordinary claims against the city or village. Written notice of all claims based upon injury to persons or property shall be served upon the city or village clerk within 60 days from the happening of the injury. The commission may dispose of claims in its discretion. The cost of investigation, attorneys' fees, all claims that may be allowed, and final judgments obtained from those claims shall not be a general obligation of the incorporating unit and shall be paid only from the operating revenue of the housing project or projects or from the proceeds of liability insurance. This section does not preclude the incorporating unit or commission from asserting a defense of governmental immunity to which it may be entitled under law against any claim made against the incorporating unit or the commission.

Sec. 16. (1) For the purposes of this act, any borrower is authorized to adopt or enact an ordinance or ordinances, or a resolution or resolutions if the borrower is a commission, providing for the issuance and sale of revenue bonds as stated in this act, and any and all other appropriate ordinances and resolutions considered necessary or desirable to effectuate the full intent and purposes of this act. The manner and procedure of enacting any ordinances or resolutions shall be as provided by law, except as may be expressly provided for by this act.

(2) If a commission is the borrower under this act, the commission may loan any amount of the borrowed money to the incorporating unit, which may execute any deed, mortgage, lease, contract, or other agreement with respect to

property for which bonds or notes were issued. If the commission makes a loan to the incorporating unit under this subsection, the incorporating unit has all powers granted under this act to a borrower for purposes of securing repayment of the loan.

(3) A housing project or combined housing project for which obligations may be issued under this act includes a housing project to be purchased or developed by a nonprofit entity with the proceeds of a loan from a borrower.

(4) The proceeds of obligations issued under this act and other funds available to an incorporating unit or commission may be used to make loans for defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing a housing project.

Sec. 17. (1) For the purpose of defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing any housing project or combined projects, any borrower may borrow money and issue revenue bonds. The bonds may be awarded before an authorizing ordinance or resolution is adopted; however, the bonds shall not be issued unless and until authorized by an ordinance or resolution setting forth a brief description of the contemplated housing project or combined projects and the site or sites of the project or projects, time and place of payment, and other details in connection with the issuance and sale of the bonds.

(2) The bonds may be issued as serial bonds, term bonds, or both term and serial bonds, with maturities and payment or redemption dates fixed by the authorizing resolution or ordinance. The borrower shall not issue bonds that appreciate in principal amount in whole or in part or are sold at a discount of more than 10%. The first maturity or required redemption of term bonds shall be not more than 5 years from the date of issuance. Except as otherwise provided in this subsection, the bonds may be issued in 1 or more series at a discount, shall be in the denominations, shall bear at a fixed or variable rate or rates of interest or no interest, not to exceed the maximum rate permitted by the municipal finance act, Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 139.3 of the Michigan Compiled Laws, shall be payable at the times and at the places, shall carry the conversion or registration privileges, shall have the rank or priority, and shall be subject to the terms of redemption at the option of the holder or the borrower, with or without premium, as are prescribed in the authorizing ordinance or resolution. The bonds shall be executed in the manner and shall be substantially in the form provided in the authorizing ordinance or resolution, which may be by facsimile signature or signatures.

(3) Except as otherwise provided by this act, the bonds shall be sold in a manner authorized for obligations issued under Act No. 202 of the Public Acts of 1943. If less than all of the bonds authorized in connection with a project or combined projects are sold to the United States housing authority or a successor thereof, the balance of the bonds may also be sold at private sale at an interest cost to the borrower of not more than the interest cost to the borrower of the portion of the bonds sold to the United States of America or any agency or instrumentality of the United States of America. Bonds sold at public sale that are payable in part from contributions to be received from the United States of America or an agency of the United States of America are not subject to Act No. 202 of the Public Acts of 1943, as amended, and need only be advertised in whatever form is customary for the sale of new housing authority bonds in a publication approved by the borrower.

(4) Notes issued in connection with a housing project or combined projects prior to the issuance of bonds may be accepted in payment of bonds sold in connection with the housing project or combined projects if the notes provide. In a contract for the purchase, acquisition, or construction of any housing facility or for the improvement, enlargement, extension, or repair of such project or projects, provision may be made that payment shall be made in such bonds.

(5) The bonds may be made payable in funds that are on the respective dates of payment of interest and principal upon the bonds, legal tender for debts due the United States of America. All bonds and notes issued under this act, the interest on the bonds and notes, and their transfer are exempt from all taxation by the state or any of its political subdivisions.

(6) The principal of and interest upon the bonds shall be payable, except as provided in this act, solely from the revenue derived from the operation of the housing project or combined projects, for the purchase, acquisition, construction, improvement, enlargement, extension, or repair of which the same are issued, and from contributions received for or in aid of such project or combined projects, from whatever source derived. The contributions may be pledged to the payment of any or all bonds issued in connection with the project or combined projects, as the borrower may provide. Bonds issued pursuant to this act shall not constitute an indebtedness of a borrower within the meaning of state constitutional provisions or statutory limitations. There shall be plainly stated on the face of each bond substantially as follows:

“This bond is a revenue bond and the principal of and interest on this bond are exempt from any and all state, county, city, village, or other taxation whatsoever under the laws of the state of Michigan and are secured by the statutory lien created by Act No. 18 of the Public Acts of the Extra Session of 1933 and payable solely from contributions received for or in aid of the project or combined projects in connection with which the bonds are issued or from the revenues of such project or combined projects or from both the revenues and contributions, as the case may be, and are not a general obligation of the borrower.”

(7) The bonds shall have all the qualities of negotiable instruments under the law merchant and the negotiable instruments law. The authorizing ordinance or resolution may provide that the bonds shall be issued pursuant to a trust indenture, the authorized form of which shall be set forth in the ordinance or resolution, and any provision required or permitted by this act to appear in the authorizing ordinance or resolution shall be considered to be included in the ordinance or resolution if set forth in the trust indenture.

(8) Any borrower may also issue refunding bonds to refund any bonds previously issued by it or its incorporating unit pursuant to this act or by a public housing agency, as designated by the United States Department of Housing and Urban Development pursuant to 24 C.F.R. 811, which is an agency or instrumentality of the borrower or, if the incorporating unit is the borrower, of a commission.

Sec. 18. The authorizing ordinance shall create a first lien which by this act is made a statutory first lien upon the revenue of any such housing facility, to, and in favor of the holders of the bonds and each of them. If bonds are issued for the purposes of cooperative financing, holders of the bonds also have a statutory first lien on the specific portion of the annual contributions payable to the cooperating borrowers or their agencies and authorized to be pledged to the payment of bonds and the interest thereon, pursuant to certain contracts between the cooperating borrowers or their agents and the United States which contracts shall be described in any ordinance authorizing any such bonds and are herein collectively called the "annual contributions contract". The holders of the bonds shall have as additional security the contractual obligations specified by the financing agreement as provided in this act.

Sec. 23. A borrower issuing bonds or notes under this act may do 1 or more of the following:

(a) Authorize and enter into an insurance contract, agreement for lines of credit, letter of credit, commitment to purchase obligations, remarketing agreement, reimbursement agreement, tender agreement, or any other transaction to provide security to assure timely payment of any bond or note.

(b) Pledge and create a statutory lien on 1 or more of the following for timely payment of the bonds or notes or for payment of any of the obligations described in subdivision (a):

(i) Proceeds of additional security provided to assure timely payment of the bonds or notes.

(ii) Proceeds of bonds or notes.

(iii) Earnings on proceeds of bonds or notes or other funds held or payment of bonds or notes.

(iv) Revenues identified in section 17(6) or 27(2).

(v) Any combination of subparagraphs (i) to (iv).

(c) Authorize payment of the cost of issuance from the proceeds of the bonds or notes or other funds available including, but not limited to, fees for placement, fees or charges for insurance, letters of credit, lines of credit, remarketing agreements, reimbursement agreements, tender agreements, purchase or sales agreements or commitments, or other agreement to provide security to assure timely payment of obligations.

(d) Authorize or provide for an officer or employee of the borrower, but only within limitations which shall be contained in the authorizing ordinance or resolution, to do 1 or more of the following:

(i) Sell and deliver and receive payment for bonds or notes.

(ii) Refund bonds by the delivery of new bonds or notes, whether or not the bonds or notes to be refunded have matured or are subject to redemption prior to maturity on the date of delivery of the refunding bonds or notes if the net present value of the principal and interest to be paid on the refunding bonds will be less than the net present value of the principal and interest to be paid on the bonds being refunded, as calculated using a method approved by the department of treasury.

(iii) Deliver notes or bonds, partly to refund notes or bonds and partly for any authorized purpose.

(iv) Buy notes or bonds so issued and resell those notes or bonds.

(v) Approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment rates, redemption rights at the option of the borrower or the holder, the place of delivery and payment, and other matters and procedures necessary to complete the transactions authorized.

Sec. 24. In case any of the officers whose signatures or countersignatures appear on the bonds cease to be officers before delivery of the bonds, their signatures or countersignatures remain valid and sufficient for all purposes in the same manner as if they had remained in office until the delivery of the bonds.

Sec. 27. (1) It is hereby declared to be the policy of this state that each commission shall manage and operate, or cause to be managed and operated, its housing projects in an efficient manner so as to enable it to fix the rentals for dwelling accommodations at the lowest possible rates consistent with its providing decent, safe, and sanitary dwelling accommodations, and that no commission shall construct or operate any project for profit. To this end, the commission shall fix the rentals for dwellings in projects at no higher rates than it finds to be necessary in order to produce

revenues which, together with all other money, revenues, income, and receipts from whatever sources derived available for such purposes, will be sufficient to do the following:

(a) Pay, as they become due, the principal of, premium, if any, and interest on the bonds or notes issued for such project.

(b) Meet the cost of and provide for administration, operation, and maintenance of the projects, including the cost of any insurance on the projects or on bonds issued for the projects, and for the creation and funding of a reserve for replacements and capital improvements related to the projects.

(c) Create, during not less than the 6 years immediately succeeding its issuance of any bonds, a reserve sufficient to meet the largest principal and interest payments which will be due on the bonds in any 1 year thereafter and to maintain such reserve.

(d) Make payments in lieu of taxes of an amount as may be imposed pursuant to section 11a by the incorporating unit, which sum, if any, shall be paid to the incorporating unit and other taxing units in proportion to the amount of taxes levied by that incorporating unit and the other taxing units in the year in which the payment in lieu of taxes is imposed.

(2) After bonds issued for a project have been retired, the rentals fixed by the commission pursuant to subsection (1) may include an amount not greater than the maximum annual principal and interest that had been due on bonds issued for the project. The rental receipts attributable to this subsection may be used by the commission for any purpose for which bonds or notes may be issued under this act or to secure bonds or notes issued by the borrower pursuant to this act for other projects of the commission.

Sec. 44a. (1) No tenancy or contract right to occupy housing in a project or facilities operated by any city, village, township or other unit of local government, as provided by this act, shall be terminated by the project management or the local housing commission except for just cause.

(2) Just cause to terminate a tenancy or contract right to occupy housing includes, but is not limited to 1 or more of the following:

(a) A failure to comply with the obligations of the lease or the lawful rules and regulations of the housing commission.

(b) The use of a unit for any unlawful purpose, including any purpose for which the commission is entitled to recover possession of the premises by summary proceedings under section 5714(1)(b) of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.5714 of the Michigan Compiled Laws.

(c) The maintenance of any unsafe, unsanitary, or unhealthful condition in any dwelling unit or in any of the common areas.

Sec. 47. (1) For the purpose of providing funds for expenses and costs involved in the development of a housing project or combined projects prior to the issuance of bonds for the project or projects, or in funding the annual operations of a commission, a borrower may, in addition to all other powers granted in this act, borrow money and issue its negotiable promissory notes. The notes may be issued as provided in this act, notwithstanding the provisions of any other law now in existence or hereafter enacted with respect to the issuance of notes, bonds, or other obligations of the borrower. The notes may be authorized by ordinance or resolution of the borrower, may bear interest at a fixed or variable rate or rates that do not exceed the maximum rate permitted by the municipal finance act, Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 139.3 of the Michigan Compiled Laws, may be payable at such times and places, may mature on such dates or on demand, may be in such form, with such privileges for exchange for definitive bonds issued in connection with the project or combined projects in connection with which the notes are issued, and may be executed and sold in such manner, as shall be set forth in the authorizing ordinance or resolution.

(2) The notes shall be made payable solely out of property or funds held or to be acquired by or for the commission, including the proceeds of the notes and property acquired, or to be acquired, therewith, which is not pledged for the payment of other obligations issued in connection with a housing project of the commission, funds received under section 27(2), or the proceeds of the sale of bonds issued to finance the development of the project or combined projects in connection with which the notes were issued. The notes shall in no event be payable out of any other funds of the borrower or from taxes.

(3) The principal of and interest upon notes issued in accordance with this act do not constitute an indebtedness of the borrower within the meaning of any state constitutional provisions or statutory limitation, and the notes shall state that fact on their face.

(4) A borrower may also issue refunding notes to refund any notes issued by it in accordance with this act.

Sec. 56. Any 2 or more borrowers may join or cooperate in the exercise, either jointly or otherwise, of any power conferred in this act for the purpose of financing including the issuance of bonds, notes or other obligations and giving security with respect to housing facilities. For such purposes a cooperating borrower by resolution may agree to so

cooperate and authorize any other cooperating borrower, so joining or cooperating with it, to act on its behalf with respect to any power, as its agent or otherwise, in its own name.

Sec. 58. The agent borrower shall cause to be prepared and executed by the cooperating borrowers a financing agreement. The agreement shall provide for:

(a) The authority of the agent borrower to undertake such financing on a continuing basis but only to the extent of the aggregate estimated total development costs of projects of the agent borrower and the cooperating borrowers, as provided in the financing agreement.

(b) The agent borrower's responsibilities relative to the issuance and sale of notes and bonds.

(c) The punctual payment of any such notes and bonds and an irrevocable promise for the payment of principal of and interest due on the notes and bonds.

(d) The purposes to which the proceeds of the notes and bonds shall be applied.

(e) The adoption of a resolution by each cooperating borrower desiring to participate in a note or bond issue of the agent borrower, authorizing and directing the agent borrower to issue in behalf of the cooperating borrower the principal amount of notes or bonds specified in the resolution.

(f) All of the things appropriate and suitable to the issuance of notes and bonds and the responsibilities of all cooperating borrowers and the agent borrower.

(g) The procedures by which cooperating borrowers may withdraw from the financing agreement and borrowers desiring to participate in the cooperative management may join in and become parties to the financing agreement.

Sec. 59. (1) For the purpose of defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing a housing project for any cooperating borrower in a cooperative financing arrangement, the agent borrower may borrow money and issue its special obligation notes or revenue bonds from time to time on behalf of the agent borrower and all cooperating borrowers in accordance with the financing agreement between the agent borrower and cooperating borrowers.

(2) If bonds are to be issued for the purpose of cooperative financing, the bonds shall not be issued until authorized by an ordinance or resolution adopted by the agent borrower which shall set forth a brief description of all housing projects contemplated by the agent borrower and cooperating borrowers and the sites of the projects, time and place of payment, the rights and conditions upon the issuance of additional bonds of equal standing, any power of a borrower authorized under section 23, and other details in connection with the issuance and sale of the bonds. The bonds shall be issued in accordance with section 17. On the face of each bond shall be plainly stated substantially as follows:

"This bond is a revenue bond and the principal of and interest on this bond are exempt from all state, county, city, village, or other taxation under the laws of Michigan and are a special obligation of the borrower and are secured by statutory lien created by Act No. 18 of the Public Acts of the Extra Session of 1933 and payable solely from contractual obligations specified by a certain financing agreement dated and entered into by and between".

(3) If notes are to be issued for the purpose of cooperative financing, they may be authorized by a resolution adopted by the agent borrower that sets forth the time and place of payment and other details relating to the form, content, issuance, and sale of the notes.

(4) The bond ordinance or note resolution shall also make all other necessary statements that are appropriate to and suitable for the issuance of the revenue bonds or special obligation notes.

(5) The notes or bonds may be issued as provided in this act notwithstanding the provisions of any other law or charter of the incorporating units who are parties to or whose commissions are parties to a financing agreement, which provisions are now in existence or hereinafter enacted with respect to notes, bonds, or other obligations of the agent borrower.

(6) A housing project for a cooperating borrower in a cooperative financing agreement for which obligations may be issued under this section includes a housing project to be purchased or developed by a nonprofit entity with the proceeds of a loan from the cooperating borrower or agent borrower.

Sec. 59b. (1) The bond authorizing ordinance shall provide that the proceeds of the bonds shall be paid in the following order:

(a) To the United States in an amount equal to that portion of the development cost which is financed by the bonds issued thereunder as represented by notes of each cooperating borrower outstanding in the hands of the United States together with interest thereon to the date of payment.

(b) To the paying agent of any outstanding temporary notes of each cooperating borrower of an amount equal to that portion of development cost which is financed by the bonds issued thereunder as represented by the notes, together with interest thereon to the date of maturity, and to the principal of and interest on the notes, if the notes are outstanding and unpaid as of the delivery date of the bonds.

(c) To the fiscal agent for deposit in the debt service fund in trust for the payment of capitalized interest which becomes due on the bonds.

(d) To the fiscal agent representing the premium on the bonds issued thereunder, for deposit in the advance amortization fund.

(e) To each cooperating borrower in an amount equal to that portion of the remainder allocable to each cooperating borrower for deposit in its general fund.

(2) The officer or officers of the agent borrower specified in the bond authorizing ordinance shall execute the bonds and deliver the bonds in accordance with the terms and provisions of the ordinance and in connection therewith shall execute and deliver such instruments and do such acts and things necessary or convenient to effectuate the purpose of the bond authorizing ordinance.

Section 2. Sections 49, 50, 51, 52, 53, 54, 59d, and 59e of Act No. 18 of the Public Acts of the Extra Session of 1933, being sections 125.699, 125.700, 125.701, 125.702, 125.703, 125.704, 125.709d and 125.709e of the Michigan Compiled Laws, are repealed.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.