



SENATE BILL No. 1135

September 12, 1996, Introduced by Senator STILLE and referred to the Committee on Local, Urban and State Affairs.

A bill to amend sections 11, 22, 22b, 22c, 32, 32a, 32b, 44, 44a, 44c, 91, and 98a of Act No. 346 of the Public Acts of 1966, entitled as amended

"State housing development authority act of 1966," sections 11, 32a, and 44a as amended by Act No. 221 of the Public Acts of 1993, sections 22, 22b, 22c, and 44c as amended by Act No. 220 of the Public Acts of 1993, sections 32, 32b, and 44 as amended by Act No. 186 of the Public Acts of 1995, and section 98a as amended by Act No. 217 of the Public Acts of 1983, being sections 125.1411, 125.1422, 125.1422b, 125.1422c, 125.1432, 125.1432a, 125.1432b, 125.1444, 125.1444a, 125.1444c, 125.1491, and 125.1498a of the Michigan Compiled Laws; and to add section 44g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 11, 22, 22b, 22c, 32, 32a, 32b, 44,
2 44a, 44c, 91, and 98a of Act No. 346 of the Public Acts of 1966,
3 sections 11, 32a, and 44a as amended by Act No. 221 of the Public
4 Acts of 1993, sections 22, 22b, 22c, and 44c as amended by Act
5 No. 220 of the Public Acts of 1993, sections 32, 32b, and 44 as
6 amended by Act No. 186 of the Public Acts of 1995, and section
7 98a as amended by Act No. 217 of the Public Acts of 1983, being
8 sections 125.1411, 125.1422, 125.1422b, 125.1422c, 125.1432,
9 125.1432a, 125.1432b, 125.1444, 125.1444a, 125.1444c, 125.1491,
10 and 125.1498a of the Michigan Compiled Laws, are amended and sec-
11 tion 44g is added to read as follows:

12 Sec. 11. As used in this act:

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

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

18 (i) Payments for options to purchase properties on the pro-
19 posed housing project site, deposits on contracts of purchase,
20 or, with the prior approval of the authority, payments for the
21 purchases of those properties.

22 (ii) Legal, organizational, and marketing expenses, includ-
23 ing payment of attorneys' fees, project manager and clerical
24 staff salaries, office rent, and other incidental expenses.

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

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

2 (v) Necessary application and other fees to federal and
3 other government agencies.

4 (vi) Other expenses incurred by the nonprofit housing corpo-
5 ration, consumer housing cooperative, limited dividend housing
6 corporation, mobile home park corporation, or mobile home park
7 association that the authority considers appropriate to effectu-
8 ate the purposes of this act.

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

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

13 (ii) A market interest rate mortgage insured by the secre-
14 tary of the department of housing and urban development and aug-
15 mented by a program of rent supplements.

16 (iii) A mortgage receiving interest reduction payments pro-
17 vided by the secretary of the department of housing and urban
18 development.

19 (iv) A mortgage on a housing project to which the authority
20 allocates low income housing tax credits under section 22b.

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

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

26 (e) "Project cost" means the sum total of all reasonable or
27 necessary costs incurred by the nonprofit housing corporation,

1 consumer housing cooperative, limited dividend housing
2 corporation, mobile home park corporation, or mobile home park
3 association for carrying out all works and undertakings for the
4 completion of a housing project and approved by the authority.
5 In addition to other reasonable and necessary costs, "project
6 costs" includes costs for all of the following: studies and sur-
7 veys; plans, specifications, and architectural and engineering
8 services; legal, organization, marketing, or other special serv-
9 ices; financing, acquisition, demolition, construction, equip-
10 ment, and site development of new and rehabilitated buildings;
11 movement of existing buildings to other sites; rehabilitation,
12 reconstruction, repair, or remodeling of existing buildings; car-
13 rying charges during construction; the cost of placement of
14 tenants or occupants, and relocation services in connection with
15 a housing project; and, to the extent not already included, all
16 development costs.

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

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

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

1 (iii) Social, recreational, commercial, and communal
2 facilities that the authority finds necessary to serve and
3 improve a residential area in which housing ~~pursuant to~~
4 DESCRIBED IN subparagraph (i) or (ii) is located or is planned to
5 be located, thereby enhancing the viability of the housing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (D) The municipality has had an unemployment rate higher
18 than the statewide average unemployment rate for 3 of the preced-
19 ing 5 years.

20 (iii) An area located in a local unit of government certi-
21 fied by the Michigan enterprise zone authority as meeting the
22 criteria prescribed in section 2(d) of the neighborhood enter-
23 prise zone act, Act No. 147 of the Public Acts of 1992, being
24 section 207.772 of the Michigan Compiled Laws.

25 (v) "Mobile home" means a structure, transportable in 1 or
26 more sections, that is built on a chassis and is designed to be
27 used as a dwelling with or without permanent foundation, when

1 connected to the required utilities, and includes the plumbing,
2 heating, air conditioning, and electrical systems contained in
3 the structure. Mobile home may, but need not, include the real
4 property to which the mobile home may be attached. Mobile home
5 does not include a recreational vehicle.

6 (w) "Mobile home condominium project" means a condominium
7 project in which mobile homes are intended to be located upon
8 separate sites that constitute individual condominium units and
9 ~~which~~ THAT complies with the condominium act, Act No. 59 of the
10 Public Acts of 1978, ~~as amended,~~ being sections 559.101 to
11 559.275 of the Michigan Compiled Laws.

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

22 (y) "Mobile home park association" means a mobile home park
23 association organized and qualified ~~pursuant to~~ IN ACCORDANCE
24 WITH chapter 9.

25 (z) "Mobile home park corporation" means a corporation
26 incorporated pursuant to the corporation laws of this state and
27 qualified ~~pursuant to~~ IN ACCORDANCE WITH chapter 8.

1 (aa) "Housing unit" means living accommodations that are
2 intended for occupancy by ~~a single family,~~ UP TO 4 FAMILIES,
3 WITH A SEPARATE DWELLING UNIT FOR EACH FAMILY, that may be site
4 constructed or may be a mobile home or other form of manufactured
5 housing, and with respect to which either of the following
6 applies:

7 (i) ~~The occupant owns the housing unit.~~ THE OWNER OF THE
8 HOUSING OCCUPIES AT LEAST 1 OF THE DWELLING UNITS.

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

11 (bb) "Moderate cost residential rental property" means
12 dwelling units for which the rental ~~payment is~~ PAYMENTS ARE
13 equal to or less than that established from time to time as the
14 fair market rents for existing housing ~~pursuant to~~ IN ACCORD-
15 ANCE WITH 1 of the following:

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

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

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

26 (dd) "Mortgage lender" means a state or national bank, state
27 or federal savings and loan association, mortgage company,

1 insurance company, state pension fund, or any other financial
2 institution, intermediary, or entity authorized to make mortgage
3 loans in this state.

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

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

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

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

18 (ii) "Mutual housing association" means a corporation orga-
19 nized in accordance with chapter 10.

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

24 (a) To sue and to be sued; to have a seal and to alter the
25 seal at pleasure; to have perpetual succession; to make and exe-
26 cute contracts and other instruments necessary or convenient to

1 the exercise of the powers of the authority; and to make, amend,
2 and repeal bylaws and rules.

3 (b) To undertake and carry out studies and analyses of hous-
4 ing needs within this state and ways of meeting those needs,
5 including data with respect to population and family groups, the
6 distribution of population and family groups according to income,
7 and the amount and quality of available housing and its distribu-
8 tion according to rentals and sales prices, employment, wages,
9 and other factors affecting housing needs and the meeting of
10 housing needs; to make the results of those studies and analyses
11 available to the public and the housing and supply industries;
12 and to engage in research and disseminate information on
13 housing.

14 (c) To agree and comply with conditions attached to federal
15 financial assistance.

16 (d) To survey and investigate housing conditions and needs,
17 both urban and rural, throughout this state and make recommenda-
18 tions to the governor and the legislature regarding legislation
19 and other measures necessary or advisable to alleviate any exist-
20 ing housing shortage in this state.

21 (e) To establish and collect fees and charges in connection
22 with the sale of the authority's publications and the authority's
23 loans, commitments, and servicing, including but not limited to
24 the reimbursement of costs of financing by the authority, service
25 charges, and insurance premiums as the authority determines to be
26 reasonable and as approved by the authority. Fees and charges
27 shall be determined by the authority and shall not be considered

1 to be interest. The authority may use any accumulated fees and
2 charges and interest income for achieving any of the corporate
3 purposes of the authority, to the extent that the fees, charges,
4 and interest income are not pledged to the repayment of bonds and
5 notes of the authority or the interest on those bonds and notes.

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

8 (g) To encourage the salvage of all possible usable housing
9 scheduled for demolition because of highway, school, urban renew-
10 al, or other programs by seeking authority for the sponsors of
11 the programs to use funds provided for the demolition of the
12 buildings, to be allocated to those sponsors approved by the
13 authority to defray moving and rehabilitation costs of the
14 buildings.

15 (h) To engage and encourage research in, and to formulate
16 demonstration projects to develop, new and better techniques and
17 methods for increasing the supply of housing for persons eligible
18 for assistance as provided in this act; and to provide technical
19 assistance in the development of housing projects and in the
20 development of programs to improve the quality of life for all
21 the people of this state.

22 (i) To make or purchase loans, including loans for condomin-
23 ium units as defined in section 4 of the condominium act, Act
24 No. 59 of the Public Acts of 1978, being section 559.104 of the
25 Michigan Compiled Laws, and including loans to mortgage lenders,
26 which are unsecured or the repayments of which are secured by
27 mortgages, security interests, or other forms of security; to

1 purchase and enter into commitments for the purchase of
2 securities, certificates of deposits, time deposits, or mortgage
3 loans from mortgage lenders; to participate in the making or pur-
4 chasing of unsecured or secured loans and undertake commitments
5 to make or purchase unsecured or secured loans; to sell mort-
6 gages, security interests, notes, and other instruments or obli-
7 gations evidencing or securing loans, including certificates evi-
8 dencing interests in 1 or more loans, at public or private sale;
9 in connection with the sale of an instrument or obligation evi-
10 dencing or securing 1 or more loans, to service, guarantee pay-
11 ment on, or repurchase the instrument or obligation, whether or
12 not it is in default; to modify or alter mortgages and security
13 interests; to foreclose on any mortgage, security interest, or
14 other form of security; to finance housing units; to commence an
15 action to protect or enforce a right conferred upon the authority
16 by law, mortgage, security agreement, contract, or other agree-
17 ment; to bid for and purchase property that was the subject of
18 the mortgage, security interest, or other form of security, at a
19 foreclosure or at any other sale, and to acquire or take posses-
20 sion of the property. Upon acquiring or taking possession of the
21 property, the authority may complete, administer, and pay the
22 principal and interest of obligations incurred in connection with
23 the property, and may dispose of and otherwise deal with the
24 property in any manner necessary or desirable to protect the
25 interests of the authority in the property. If the authority or
26 an entity that provides mortgage insurance to the authority
27 acquires property upon the default of a borrower, the authority

1 may make a mortgage loan to a subsequent purchaser of that
2 property even if the purchaser does not meet otherwise applicable
3 income limitations and purchase price limits.

4 (j) To set standards for housing projects that receive loans
5 under this act and to provide for inspections to determine com-
6 pliance with those standards. The standards for construction and
7 rehabilitation of mobile homes, mobile home parks, and mobile
8 home condominium projects shall be established jointly by the
9 authority and the mobile home commission, created in the mobile
10 home commission act, Act No. 96 of the Public Acts of 1987, being
11 sections 125.2301 to 125.2349 of the Michigan Compiled Laws.
12 However, financing standards shall be established solely by the
13 authority.

14 (k) To accept gifts, grants, loans, appropriations, or other
15 aid from the federal, state, or local government, from a subdivi-
16 sion, agency, or instrumentality of a federal, state, or local
17 government, or from a person, corporation, firm, or other
18 organization.

19 (l) To acquire or contract to acquire from a person, firm,
20 corporation, municipality, or federal or state agency, by grant,
21 purchase, or otherwise, leaseholds or real or personal property,
22 or any interest in a leasehold or real or personal property; to
23 own, hold, clear, improve, and rehabilitate and to sell, assign,
24 exchange, transfer, convey, lease, mortgage, or otherwise dispose
25 of or encumber any interest in a leasehold or real or personal
26 property. This act shall not impede the operation and effect of
27 local zoning, building, and housing ordinances, ordinances

1 relating to subdivision control, land development, or fire
2 prevention, or other ordinances having to do with housing or the
3 development of housing.

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

6 (n) To invest, at the discretion of the authority, funds
7 held in reserve or sinking funds, or moneys not required for
8 immediate use or disbursement, in obligations of this state or of
9 the United States, in obligations the principal and interest of
10 which are guaranteed by this state or the United States, or in
11 other obligations as may be approved by the state treasurer.

12 (o) To promulgate rules necessary to carry out the purposes
13 of this act and to exercise the powers expressly granted in this
14 act ~~pursuant to~~ IN ACCORDANCE WITH the administrative proce-
15 dures act of 1969, Act No. 306 of the Public Acts of 1969, ~~as~~
16 ~~amended,~~ being sections 24.201 to 24.328 of the Michigan
17 Compiled Laws.

18 (p) To enter into agreements with nonprofit housing corpora-
19 tions, consumer housing cooperatives, limited dividend housing
20 corporations, mobile home park corporations, and mobile home park
21 associations that provide for regulation by the authority of the
22 planning, development, and management of any housing project
23 undertaken by nonprofit housing corporations, consumer housing
24 cooperatives, limited dividend housing corporations, mobile home
25 park corporations, and mobile home park associations and which
26 provide for the disposition of the property and franchises of
27 those corporations, cooperatives, and associations.

1 (q) To appoint to the board of directors of a nonprofit
2 housing corporation, consumer housing cooperative, limited divi-
3 dend housing corporation, mobile home park corporation, or mobile
4 home park association, a number of new directors sufficient to
5 constitute a majority of the board notwithstanding other provi-
6 sions of the articles of incorporation or other provisions of
7 law. Directors appointed under this subsection need not be
8 stockholders or members or meet other qualifications that may be
9 described by the certificate of incorporation or bylaws. In the
10 absence of fraud or bad faith, directors appointed under this
11 subsection shall not be personally liable for debts, obligations,
12 or liabilities of the corporation or association. The authority
13 may appoint directors under this subsection only if 1 or more of
14 the following occur:

15 (i) The nonprofit housing corporation, consumer housing
16 cooperative, limited dividend housing corporation, mobile home
17 park corporation, or mobile home park association has received a
18 loan or advance, as provided for in this act, and the authority
19 determines that the loan or advance is in jeopardy of not being
20 repaid.

21 (ii) The nonprofit housing corporation, consumer housing
22 cooperative, limited dividend housing corporation, mobile home
23 park corporation, or mobile home park association received a loan
24 or advance as provided for in this act and the authority deter-
25 mines that the proposed housing project for which the loan or
26 advance was made is in jeopardy of not being constructed.

1 (iii) The authority determines that some part of the net
2 income or net earnings of the nonprofit housing corporation is
3 inuring to the benefit of a private individual, firm, corpora-
4 tion, partnership, or association; the authority determines that
5 an unreasonable part of the net income or net earnings of the
6 consumer housing cooperative is inuring to the benefit of a pri-
7 vate individual, firm, corporation, partnership, or association;
8 or the authority determines that some part of the net income or
9 net earnings of the limited dividend housing corporation, in
10 excess of that permitted by other provisions of this act, is
11 inuring to the benefit of a private individual, firm, corpora-
12 tion, partnership, or association.

13 (iv) The authority determines that the nonprofit corporation
14 or consumer housing cooperative is in some manner controlled by,
15 under the direction of, or acting in the substantial interest of
16 a private individual, firm, corporation, partnership, or associa-
17 tion seeking to derive benefit or gain from, or seeking to elimi-
18 nate or minimize losses in any dealings or transactions with, the
19 nonprofit corporation or consumer housing cooperative. However,
20 this subparagraph shall apply to individual cooperators in con-
21 sumer housing cooperatives only in circumstances defined by the
22 authority in its rules.

23 (v) The authority determines that the nonprofit housing cor-
24 poration, consumer housing cooperative, limited dividend housing
25 corporation, mobile home park corporation, or mobile home park
26 association is in violation of the rules promulgated under this
27 section.

1 (vi) The authority determines that the nonprofit housing
2 corporation, consumer housing cooperative, limited dividend hous-
3 ing corporation, mobile home park corporation, or mobile home
4 park association is in violation of 1 or more agreements entered
5 into with the authority that provide for regulation by the
6 authority of the planning, development, and management of a hous-
7 ing project undertaken by the nonprofit housing corporation, con-
8 sumer housing cooperative, limited dividend housing corporation,
9 mobile home park corporation, or mobile home park association or
10 that provide for the disposition of the property and franchises
11 of the corporation, or cooperative, or association.

12 (r) To give approval or consent to the articles of incorpo-
13 ration submitted to the authority by a corporation seeking
14 approval as a nonprofit housing corporation, consumer housing
15 cooperative, limited dividend housing corporation, or mobile home
16 park corporation under chapter 4, 5, 6, or 8; to give approval or
17 consent to the partnership agreement, joint venture agreement,
18 trust agreement, or other document of basic organization of a
19 limited dividend housing association under chapter 7 or mobile
20 home park association under chapter 9.

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

24 (t) To lease real or personal property and to accept federal
25 funds for, and participate in, federal programs of housing
26 assistance.

1 (u) To review and approve rental charges for
2 authority-financed housing projects and require whatever changes
3 the authority determines to be necessary. The changes shall
4 become effective after not less than 30 days' written notice is
5 given to the residents of the affected authority-financed housing
6 projects.

7 (v) To set forth in the various loan documents of the
8 authority those restrictions on the sale, conveyance by land con-
9 tract, or transfer of residential real property, housing
10 projects, or housing units for which a note is held by the
11 authority and restrictions on the assumption by subsequent pur-
12 chasers of loans originated by and held by, or originated for
13 purchase by and held by, the authority as the authority deter-
14 mines to be necessary in order to comply with requirements of
15 federal statutes, federal rules or regulations promulgated
16 ~~pursuant to~~ UNDER 5 U.S.C. 551 to 559, state statutes, or state
17 rules promulgated ~~pursuant to~~ UNDER Act No. 306 of the Public
18 Acts of 1969, ~~as amended,~~ or to obtain and maintain the tax
19 exempt status of authority bonds and notes. However, the author-
20 ity shall not use a due on sale or acceleration clause solely for
21 the purpose of renegotiating the interest rate on a loan made
22 with respect to an owner-occupied single-family housing unit.
23 Without limiting the authority's power to establish other
24 restrictions, as provided in this section, on the sale, convey-
25 ance by land contract, or transfer of residential real property,
26 housing projects, or housing units for which a note is held by
27 the authority and the assumption by subsequent purchasers of

1 loans made or purchased by the authority, the authority shall
2 provide in its loan documents relating to a single family loan
3 that the single family loan may be assumed by a new purchaser
4 only when the new purchaser qualifies under the authority income
5 limitations rules except where such a restriction diminishes or
6 precludes the insurance or a guarantee by an agency of the fed-
7 eral government with respect to the single family loan. A loan
8 made for a mobile home that the borrower does not intend to per-
9 manently affix to real property shall become immediately due and
10 payable in the event the mobile home is moved out of the state.
11 Any restrictions on conveyance by sale, conveyance by land con-
12 tract, or transfer that are authorized in this section shall
13 apply only to loans originated by and held by, or originated for
14 purchase by and held by, the authority and may, at the option of
15 the authority, be enforced by accelerating and declaring immedi-
16 ately due and payable all sums evidenced by the note held by the
17 authority. An acceleration and declaration of all sums to be due
18 and payable on conveyance by sale, land contract, or transfer is
19 not an unreasonable restraint on alienation. An acceleration and
20 declaration, unless otherwise prohibited in this subdivision, of
21 all sums to be due and payable ~~pursuant to~~ UNDER this subdivi-
22 sion is enforceable in any court of competent jurisdiction. This
23 subdivision is applicable to secured and unsecured loans. This
24 subdivision is also applicable to loan documents utilized in con-
25 junction with an authority-operated program of residential reha-
26 bilitation by an entity cooperating or participating with the

1 authority ~~pursuant to~~ UNDER section 22a(4), which loans are
2 originated with the intent to sell those loans to the authority.

3 (w) To set forth in the various loan documents of the
4 authority those remedies for the making of a false statement,
5 representation, or pretense or a material misstatement by a bor-
6 rower during the loan application process. Without limiting the
7 authority's power to pursue other remedies, the authority shall
8 provide in its loan documents that, if a borrower makes a false
9 statement, representation, or pretense or a material misstatement
10 during the loan application process, the authority, at its
11 option, may accelerate and declare immediately due and payable
12 all sums evidenced by the note held by the authority. An accel-
13 eration and declaration of all sums to be due as authorized under
14 this subdivision and payable ~~pursuant to~~ AS PROVIDED IN this
15 subdivision is enforceable in any court of competent
16 jurisdiction. This subdivision is applicable to secured and
17 unsecured loans.

18 (x) To collect interest on a real estate loan, the primary
19 security for which is not a first lien on real estate, at the
20 rate of 15% or less per annum on the unpaid balance. This subdi-
21 vision does not impair the validity of a transaction or rate of
22 interest that is lawful without regard to this subdivision.

23 (y) To encourage and engage or participate in programs to
24 accomplish the preservation of housing in this state available
25 for occupancy by persons and families of low or moderate income.

26 (z) To verify for the state treasurer statements submitted
27 by a city, village, township, or county as to exempt properties

1 ~~pursuant to~~ UNDER section 7d of the general property tax act,
2 Act No. 206 of the Public Acts of 1893, being section 211.7d of
3 the Michigan Compiled Laws.

4 (aa) To enter into interest rate exchanges or swaps, hedges,
5 or similar agreements with respect to its bonds or notes in the
6 same manner and subject to the same limitations and conditions
7 provided for a municipality in section 15 of chapter III of the
8 municipal finance act, Act No. 202 of the Public Acts of 1943,
9 being section 133.15 of the Michigan Compiled Laws.

10 (bb) To make working capital loans to contractors or subcon-
11 tractors on housing projects financed by the authority. The
12 authority shall submit an annual report to the legislature con-
13 taining the amount, recipient, duration, circumstance, and other
14 related statistics for each capital loan made to a contractor or
15 subcontractor under this subdivision. The authority shall
16 include in the report statistics related to the cost of improve-
17 ments made to adapt property for use by handicapped individuals
18 ~~pursuant to~~ AS PROVIDED IN section 32b(5) or (6) or section
19 44(2)(a).

20 (cc) Subject to rules of the civil service commission, to
21 adopt a code of ethics with respect to its employees that
22 requires disclosure of financial interests, defines and precludes
23 conflicts of interest, and establishes reasonable post-employment
24 restrictions for a period of up to 1 year after an employee ter-
25 minates employment with the authority.

26 (dd) To impose covenants running with the land in order to
27 satisfy requirements of applicable federal law with respect to

1 housing assisted or to be assisted through federal programs such
2 as the low income housing tax credit program or the home invest-
3 ment partnerships program by executing and recording regulatory
4 agreements between the authority or such municipality or other
5 entity as may be designated by the authority and the person or
6 entity to be bound. These covenants shall run with the land and
7 be effective with respect to the parties making the covenants and
8 other intended beneficiaries of the covenants, even though there
9 is no privity of estate or privity of contract as between the
10 authority and the persons or entities to be bound.

11 (ee) To impose covenants running with the land in order to
12 satisfy requirements of applicable state or federal law with
13 respect to housing financed by the authority by executing and
14 recording regulatory agreements between the authority and the
15 person or entity to be bound. These covenants shall run with the
16 land and be effective with respect to the parties making the cov-
17 enants and other intended beneficiaries of the covenants, even
18 though there is no privity of estate or privity of contract as
19 between the authority and the persons or entities to be bound.
20 With respect to the application of any applicable environmental
21 laws, this subdivision shall not be construed to grant to the
22 authority any additional rights, privileges, or immunities not
23 otherwise afforded to a private lender that is not in the chain
24 of title for the land.

25 (ff) To participate in programs designed to assist persons
26 and families whose incomes do not exceed 115% of the greater of
27 statewide median gross income or the area median gross income

1 become homeowners where loans are made by private lenders for
2 purchase by the government national mortgage association, federal
3 national mortgage association, federal home loan mortgage corpo-
4 ration, or other federally chartered organizations.

5 Participation may include providing or funding homeownership
6 counseling and providing some or all of a reserve fund to be used
7 to pay for losses in excess of insurance coverage.

8 (gg) To invest up to 20% of funds held by or for the author-
9 ity in escrow accounts for the benefit of the authority or mort-
10 gators of authority-financed housing in ~~mortgage~~ loans
11 ~~previously~~ originated or purchased by the authority, under the
12 conditions prescribed in this subdivision and without the consent
13 of the escrow depositors. In connection with ~~mortgage~~ loans
14 described in this subdivision, the authority may charge and
15 retain fees in amounts similar to those charged with respect to
16 similar ~~mortgage~~ loans for which the source of funding does not
17 come from escrow funds. The investment authorized by this subdivi-
18 sion shall not be made unless both of the following require-
19 ments are met:

20 (i) The return on the ~~mortgage~~ loan is approximately
21 equivalent to that which could be obtained from investments of
22 substantially similar credit quality and maturity, as determined
23 by the authority.

24 (ii) The authority agrees to repurchase from its own funds
25 and at the same prices at which the ~~mortgage~~ loans were sold to
26 the escrow funds, as adjusted for the accretion of discount or
27 amortization of premium, plus accrued interest, any ~~mortgage~~

1 loans that become delinquent in excess of 30 days. This
2 subdivision does not obligate the authority to purchase a delin-
3 quent ~~mortgage~~ loan so long as with respect to that ~~mortgage~~
4 loan the authority advances money from its own funds in the
5 amount of the delinquent ~~mortgage~~ payments. The authority's
6 election to advance payments does not in any manner abate or cure
7 the delinquency of the ~~mortgage~~ loan and the authority may
8 resort to any remedies that would exist in the absence of that
9 payment.

10 (hh) To acquire, develop, rehabilitate, own, operate, and
11 enter into contracts with respect to the management and operation
12 of real and personal property to use as office facilities by the
13 authority and to enter into leases with respect to facilities not
14 immediately necessary for the activities of the authority.

15 Sec. 22b. (1) The authority is designated as the housing
16 credit agency for the state for the purpose of allocating and
17 administering the low income housing credit established under
18 section 42 of the internal revenue code.

19 (2) The state's housing credit ceiling applicable for a cal-
20 endar year shall be an amount equal to the sum of all of the
21 following:

22 (a) One dollar and twenty-five cents multiplied by the
23 state's population, unless a different amount is authorized by
24 section 42 of the internal revenue code. The state's population
25 shall be determined by the most recent census estimates of the
26 state's population published by the United States bureau of

1 census before the beginning of the calendar year or by another
2 method as authorized by the internal revenue code.

3 (b) The unused state housing credit ceiling, if any, of the
4 state for the preceding calendar year, for years subsequent to
5 1989.

6 (c) The amount of state housing credit ceiling returned in
7 the calendar year, for years subsequent to 1989.

8 (d) The amount, if any, allocated to the state under
9 section 42(h)(3)(d) of the internal revenue code.

10 (3) An applicant for an allocation of low income housing tax
11 credit shall be qualified to receive the credit pursuant to the
12 requirements of the internal revenue code and the regulations,
13 guidelines, rulings, and interpretations issued by the United
14 States treasury department or the internal revenue service, which
15 shall control in the event of conflict with a requirement of this
16 section.

17 (4) The state's low income housing tax credit is allocable
18 pursuant to a qualified allocation plan prepared by the authori-
19 ty, submitted to the legislature, and approved by the governor
20 after notice to the public and public hearing. The plan shall
21 set forth criteria to be used to determine housing priorities of
22 the state, and shall give the highest priority to those projects
23 in which the highest percentage of the housing credit dollar
24 amount is to be used for project costs other than the cost of
25 intermediaries, unless granting such priority would impede the
26 development of projects in hard-to-develop areas. In allocating
27 low income housing tax credit dollar amounts among selected

1 projects, the allocation plan shall give preference to projects
2 serving the lowest income tenants and projects obligated to serve
3 qualified tenants for the longest periods, and shall provide a
4 procedure that the authority will follow in notifying the inter-
5 nal revenue service of noncompliance with the provisions of sec-
6 tion 42 of the internal revenue code of which the authority
7 becomes aware. The plan shall set forth the process for select-
8 ing eligible projects and may be amended from time to time
9 ~~pursuant to~~ IN ACCORDANCE WITH its terms and the requirements
10 of section 42 of the internal revenue code. The selection cri-
11 teria in the qualified allocation plan shall include those set
12 forth in section 42 of the internal revenue code.

13 (5) The state's low income housing tax credit authority
14 shall be distributed in accordance with the qualified allocation
15 plan. Amounts allocable under subsection (2) shall be set aside
16 as follows:

17 (a) Qualified nonprofit organizations as required by
18 section 42 of the internal revenue code - not less than 10%.

19 (b) ~~Farmers home 515~~ RURAL HOUSING SERVICE projects - not
20 less than ~~+0%~~ 5%.

21 (c) Housing projects in eligible distressed areas - not less
22 than 30%.

23 (d) Housing projects for the elderly - not less than 10%.
24 Projects counted in 1 category shall not count in another cate-
25 gory towards meeting the minimum set-aside requirements.

26 (6) Except for the amount for qualified nonprofit
27 organizations, if the low income housing tax credit set aside

1 under subsection (5) is not allocated before ~~November~~ OCTOBER 1
2 of the year in which that credit amount is authorized under sub-
3 section (2)(a), the authority may reapportion the unallocated
4 credit amounts in a reasonable manner pursuant to the state's
5 qualified allocation plan.

6 (7) All applications for low income housing tax credit shall
7 be on the authority's prescribed forms and shall include informa-
8 tion necessary pursuant to the qualified allocation plan and
9 section 42 of the internal revenue code.

10 (8) The authority may charge applicants reasonable fees
11 under the low income housing tax credit program.

12 Sec. 22c. (1) The authority may incorporate 1 or more non-
13 profit housing corporations for the purposes of owning, holding,
14 maintaining, improving, completing, receiving subsidy payments
15 for, or transferring ownership of a housing project or housing
16 unit either acquired through foreclosure or deed in lieu of fore-
17 closure or over which the authority has, following a declaration
18 of default, otherwise obtained control. ~~Until November 1, 1996,~~
19 ~~in~~ IN order to preserve housing for low and moderate income per-
20 sons, the authority may also incorporate or cause the incorpora-
21 tion of 1 or more nonprofit housing corporations for the purpose
22 of acquiring housing projects or an interest in the ownership of
23 1 or more housing projects and owning, holding, maintaining, or
24 improving the housing projects, if regulatory or contractual
25 restrictions assuring occupancy of some or all of the units in 1
26 or more of the housing projects by families and persons of low or
27 moderate income are subject to termination within a 2-year period

1 following the acquisition of the housing project. A nonprofit
2 housing corporation incorporated ~~pursuant to~~ UNDER this subsec-
3 tion may acquire a housing project only if all of the following
4 requirements are met:

5 (a) At least 6 months have passed since the eighteenth anni-
6 versary of the commencement of amortization of the project's per-
7 manent mortgage loan on the housing project.

8 (b) The authority by resolution determines all of the
9 following:

10 (i) The tenants residing in the housing project have been
11 notified of the opportunity to acquire the housing project in
12 accordance with the Cranston-Gonzalez national affordable housing
13 act, Public Law 101-625, 104 Stat. 4079.

14 (ii) No tenant organization that the authority determines to
15 have the legal, financial, and managerial capabilities to acquire
16 the housing project has developed and submitted to the housing
17 project owners an acquisition proposal with respect to which
18 negotiations are ongoing.

19 (iii) No local or statewide nonprofit housing corporation
20 that the authority determines to have the legal, financial, and
21 managerial capabilities to acquire the project has submitted to
22 the housing project owners an acquisition proposal with respect
23 to which negotiations are ongoing.

24 (c) The nonprofit housing corporation incorporated pursuant
25 to this section contracts with a private firm for the management
26 of the housing project.

1 (2) A subsidiary nonprofit housing corporation may sue and
2 be sued in its own name, and the circuit court of Ingham county
3 has exclusive jurisdiction over all actions brought against a
4 subsidiary nonprofit housing corporation, except if jurisdiction
5 over the action is in the supreme court, the court of appeals, or
6 the court of claims.

7 (3) A subsidiary nonprofit housing corporation is a separate
8 legal entity. The authority is not liable for the debts or obli-
9 gations or for any actions or inactions of the subsidiary non-
10 profit housing corporation unless it expressly agrees otherwise.
11 A member, officer, or employee of a subsidiary nonprofit housing
12 corporation is not individually liable for actions undertaken or
13 failure to act on behalf of the subsidiary nonprofit housing cor-
14 poration so long as the individual is acting or reasonably
15 believes he or she is acting within the scope of his or her
16 authority as a member, officer, or employee of the subsidiary
17 nonprofit housing corporation.

18 (4) The authority may make loans or grants to a subsidiary
19 nonprofit housing corporation to enable the subsidiary nonprofit
20 housing corporation to carry out any of its purposes.

21 Sec. 32. (1) The authority may create and establish 1 or
22 more special funds called capital reserve funds to secure notes
23 and bonds of the authority. The authority shall pay into a capi-
24 tal reserve fund money appropriated and made available by this
25 state for the purposes of the fund, the proceeds of the sale of
26 notes or bonds to the extent provided in the resolution of the
27 authority authorizing the issuance of the notes or bonds, and

1 other money that is made available to the authority for the
2 purpose of a fund from any other source. In addition to, or in
3 lieu of, depositing money in a capital reserve fund, the author-
4 ity may obtain and pledge letters of credit and, effective retro-
5 actively as of June 1, 1993, insurance policies, surety bonds,
6 guarantees, or other security arrangements if those other secur-
7 ity arrangements are approved by the state treasurer, for the
8 purposes of the capital reserve fund. The amount available under
9 letters of credit, insurance policies, surety bonds, guarantees,
10 or other security arrangements pledged to a capital reserve fund
11 shall be credited toward the satisfaction of a capital reserve
12 fund requirement. All money and proceeds under letters of
13 credit, insurance policies, surety bonds, guarantees, or other
14 security arrangements held in any capital reserve fund, except as
15 specifically provided, shall be used as required solely for the
16 payment of the principal of notes or bonds of the authority
17 secured in whole or in part by the capital reserve fund, for the
18 purchase or redemption of notes or bonds, for the payment of
19 interest on the notes or bonds, or for the payment of any redemp-
20 tion premium required to be paid when the notes or bonds are
21 redeemed prior to maturity. However, the authority shall not use
22 the capital reserve fund for any optional purchase or optional
23 redemption of notes or bonds if the use would reduce the total of
24 the money on deposit in the capital reserve fund and amounts
25 available under any letter of credit, insurance policy, surety
26 bond, guarantee, or other security arrangement pledged to a
27 capital reserve fund to less than the capital reserve fund

1 requirement established for the fund. Any income or interest
2 earned by, or increment to, a capital reserve fund due to the
3 investment of the money in the capital reserve fund may be trans-
4 ferred by the authority to other funds or accounts of the author-
5 ity to the extent that the transfer does not reduce the total of
6 the amount of money in a capital reserve fund and amounts avail-
7 able under any letter of credit, insurance policy, surety bond,
8 guarantee, or other security arrangement pledged to the capital
9 reserve fund below the capital reserve fund requirement for a
10 fund.

11 (2) The authority shall not at any time issue notes or bonds
12 secured in whole or in part by a capital reserve fund if, upon
13 the issuance of the notes or bonds, the amount in the capital
14 reserve fund, including the amounts available under any letter of
15 credit, insurance policy, surety bond, guarantee, or other secur-
16 ity arrangement pledged to a capital reserve fund, would be less
17 than the capital reserve fund requirement for the fund, unless
18 the authority, at the time of issuance of the notes or bonds,
19 deposits in the fund from the proceeds of the notes or bonds to
20 be issued, or from other sources, an amount that, together with
21 the amount then in the fund, is not less than the capital reserve
22 fund requirement for the fund, or obtains a letter of credit,
23 insurance policy, surety bond, guarantee, or other security
24 arrangement in an amount that, together with the amount then in
25 the fund, is not less than the capital reserve fund requirement
26 for the fund. For purposes of this section, "capital reserve
27 fund requirement" means the requirement provided in the

1 resolution of the authority authorizing the notes or bonds with
2 respect to which the fund is established, which amount shall not
3 exceed the maximum amount of principal and interest maturing and
4 becoming due in any succeeding calendar year on the notes or
5 bonds of the authority secured in whole or part by the fund.

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

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

25 ~~(5) The authority may issue notes and bonds subject to the~~
26 ~~following limitations: (a)~~ The authority shall not have
27 outstanding at any time bonds and notes for any of its corporate

1 purposes in an aggregate principal amount exceeding
2 \$4,200,000,000.00, excluding all of the following:

3 (A) ~~(i)~~ The principal amount of bonds and notes issued to
4 refund outstanding bonds and notes.

5 (B) ~~(ii)~~ The principal amount of bonds and notes that
6 appreciate in principal amount, except to the extent of the prin-
7 cipal amount of these bonds and notes payable at such time.

8 (C) ~~(iii)~~ The principal amount of notes and bonds repre-
9 senting original issue discount, if any.

10 ~~(b) After November 1, 1996, the limitation on the aggregate~~
11 ~~principal amount of notes and bonds provided in subdivision (a)~~
12 ~~is reduced to \$1,800,000,000.00, but, in addition to the exclu-~~
13 ~~sions provided in subdivision (a), the aggregate principal amount~~
14 ~~of bonds and notes issued before November 2, 1996, subject to the~~
15 ~~limitations of section 32a shall be excluded from this reduced~~
16 ~~limitation.~~

17 (6) Subject to the limitation in subsection (5), that por-
18 tion of the state ceiling to be used for qualified mortgage
19 bonds, mortgage credit certificates, or bonds to finance quali-
20 fied residential rental projects shall be allocated to the
21 authority unless the authority elects by resolution to allow
22 another issuer to issue qualified mortgage bonds, mortgage credit
23 certificates, or bonds to finance qualified residential rental
24 projects. As used in this subsection:

25 (a) "State ceiling" means the aggregate amount of certain
26 private activity bonds, including qualified mortgage bonds, that

1 may be issued in any calendar year in this state pursuant to
2 section 146 of the internal revenue code.

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

6 (7) To assure the continued operation and solvency of the
7 authority for the carrying out of the public purposes of this
8 act, the authority shall accumulate in each capital reserve fund
9 an amount equal to the capital reserve fund requirement for that
10 fund. If at any time the capital reserve fund requirement for a
11 capital reserve fund exceeds the amount of the capital reserve
12 fund, the authority shall transfer to this fund from the capital
13 reserve capital account established by the authority's June 10,
14 1971 bond resolution the amount necessary to restore the capital
15 reserve fund to an amount equal to the capital reserve fund
16 requirement. If a deficiency exists in more than 1 capital
17 reserve fund and the amount in the capital reserve capital
18 account is not sufficient to fully restore the capital reserve
19 funds, the money in the capital reserve capital account shall be
20 allocated between the deficient capital reserve funds pro rata
21 according to the amounts of the deficiencies. If at any time the
22 capital reserve capital account has been exhausted and the capi-
23 tal reserve fund requirement for a capital reserve fund exceeds
24 the amount of the capital reserve fund, the chairperson of the
25 authority on or before September 1 shall certify to the governor
26 and budget director the amount, if any, necessary to restore a
27 capital reserve fund to an amount equal to the capital reserve

1 fund requirement. The governor and the budget director shall
2 include in the annual budget the amount certified by the chair-
3 person of the authority.

4 (8) In computing the amount of a capital reserve fund for
5 the purposes of this section, securities in which all or a por-
6 tion of the fund is invested shall be valued at par. If the
7 securities are purchased at other than par, the securities may be
8 valued at their cost to the authority, as adjusted by amortiza-
9 tion of the discount or premium paid upon purchase of the securi-
10 ties on a pro rata basis to the maturity date of the securities.

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

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

23 (11) The authority shall implement a program of loans for
24 mobile homes as soon as is reasonably feasible. The authority
25 shall develop a program for financing the construction or reha-
26 bilitation of mobile home parks and mobile home condominium
27 projects within 24 months after December 31, 1982, subject to a

1 determination of feasibility by the authority and the authority's
2 ability to sell bonds.

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

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

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

26 (15) Within 6 months after the legislature enacts or the
27 authority adopts a new program, the authority shall submit an

1 interim report to the same persons to which an annual report is
2 submitted. If both the legislature and the authority establish a
3 program, the authority shall submit the interim report within 6
4 months after the effective date of the act establishing the
5 program. The authority shall include in an interim report all of
6 the information required in an annual report that is specific to
7 that program.

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

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

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

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

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

24 (e) The extent of displacement, direct and indirect, of
25 lower income persons caused by these housing projects, and steps
26 taken by the authority and other governmental and private parties

1 to ameliorate the displacement, and the results of those
2 efforts.

3 (f) The estimated extent of additional reinvestment activi-
4 ties by private lenders attributable to the authority's financing
5 of these housing projects.

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

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

11 (i) The progress in developing mobile home parks and mobile
12 home condominium projects, in financing the construction or reha-
13 bilitation of consumer housing cooperative projects, and in
14 financing the construction or rehabilitation of nonprofit housing
15 corporation projects.

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

23 (k) A report on the status of federal programs that provide
24 assistance to low income tenants displaced as the result of pre-
25 payments of federally and authority assisted loans. If the
26 authority determines that federal programs are inadequate for
27 tenants of authority-financed housing projects, the authority

1 will provide recommendations to the legislature as to how to
2 address this problem on or before May 1, 1989.

3 (l) A report on the low income housing tax credit program
4 under section 22b, which shall include information regarding the
5 amount of tax credits allocated to the state under each of the
6 subdivisions of section 22b(2); the projects that have received
7 tax credits; and the reasons why projects have been denied tax
8 credits under the program; a geographical description of the dis-
9 tribution of those tax credits; and a description of any amend-
10 ments to the allocation plan made during that year.

11 (m) A report on education and training opportunities pro-
12 vided by the authority under section 17 which will indicate the
13 types of education and training opportunities made available and
14 the amount of funding committed to these activities.

15 (17) The authority shall insure that the income characteris-
16 tics of individuals served by an authority program are provided
17 in a manner that insures each individual's confidentiality. The
18 authority shall also insure that proprietary information in its
19 reports under this section concerning an individual, corporation,
20 cooperative, or association is not released without the permis-
21 sion of that individual, corporation, cooperative, or
22 association.

23 Sec. 32a. ~~(1) The \$2,400,000,000.00 increases in debt~~
24 ~~capacity of the authority authorized after July 9, 1984 shall be~~
25 ~~subject to the following limitations: (a) Not more than~~
26 ~~\$1,300,000,000.00 shall be used to finance home improvement loans~~
27 ~~and single family homes.~~ With respect to bonds, other than

1 refunding bonds, issued to finance single family homes after
2 November 1, 1989, for the first 120 days following the announce-
3 ment of a program funded by the proceeds of those bonds, 50% of
4 the proceeds of those bonds available to make loans, as deter-
5 mined by the preliminary information obtained by originating len-
6 ders at the time a reservation is submitted, shall be reserved
7 for applicants with gross annual incomes at or below 55% of the
8 statewide median gross income. With respect to bonds, other than
9 refunding bonds, issued to finance single family homes after
10 November 1, 1989, not more than 50% of the proceeds of those
11 bonds may be used to finance single family homes for homebuyers
12 who previously have had an ownership interest in a residence.
13 ~~For purposes of this subsection~~ SECTION, a previous ownership
14 interest in a mobile home shall not be considered to be an owner-
15 ship interest in a residence. The authority may rely on the
16 applicant's affidavit to determine whether or not the applicant
17 has had a prior ownership interest in a residence. The authority
18 shall publicize the programs funded under this ~~subdivision~~
19 SECTION by using all reasonable means available, including, but
20 not limited to, public interest announcements in the media, and
21 announcements to lending institutions, community groups, and real
22 estate organizations. The authority shall submit a report annu-
23 ally to the legislature containing all statistics necessary to
24 indicate its compliance with this ~~subdivision~~ SECTION.

25 ~~(b) Not more than \$800,000,000.00 shall be used to finance~~
26 ~~multifamily housing projects under section 44c and not more than~~

~~1 75% of this amount shall be used for housing projects located in
2 areas other than eligible distressed areas.~~

~~3 (c) Not more than \$300,000,000.00 shall be used to finance
4 multifamily housing projects exclusive of multifamily housing
5 projects financed under section 44c and not more than 50% of this
6 amount shall be used for housing projects located in areas other
7 than eligible distressed areas.~~

~~8 (2) Except as provided in subsection (3), a note or bond
9 issued by the authority after July 9, 1984 shall be considered to
10 be issued subject to the limitations of subsection (1). After
11 the limitation set forth in subsection (1)(c) has been reached,
12 the principal amount of a note or bond issued to finance housing
13 described in subsection (1)(c) shall be applied against the debt
14 capacity that was in effect on July 9, 1984. After a limitation
15 set forth in subsection (1)(a) or (b) is reached, the authority
16 shall not issue a note or bond under the provisions of section
17 44c or 44(2)(a).~~

~~18 (3) A note or bond issued by the authority under section 25
19 for the purpose of developing, rehabilitating, or acquiring real
20 and personal property for use by the authority as office facili-
21 ties shall be applied against the debt capacity that was in
22 effect on July 7, 1984.~~

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

1 revenue bond authority into mortgage credit certificate
2 authority.

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

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

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

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

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

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

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

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

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

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

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

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

22 (8) If an income or purchase price limit prescribed by sub-
23 section (3), (4), (5), (6), or (7) exceeds an applicable limit
24 prescribed by the internal revenue code, the internal revenue
25 code limit applies. Except with respect to newly constructed
26 housing units, ~~until November 1, 1996~~ the authority may at any
27 time by resolution establish, for any length of time it deems

1 appropriate, maximum borrower income or purchase price limits
2 more restrictive than those maximum limitations set forth in this
3 section. The authority shall advise the appropriate house and
4 senate standing committees 5 days prior to the adoption of a res-
5 olution establishing more restrictive income or purchase price
6 limits.

7 (9) The changes made to purchase price limits in
8 subsections (3) and (4) by ~~the amendatory act that added this~~
9 ~~subsection~~ ACT NO. 186 OF THE PUBLIC ACTS OF 1995 are retroac-
10 tive, effective as of October 29, 1993.

11 Sec. 44. (1) (a) The authority may make loans to any non-
12 profit housing corporation, consumer housing cooperative, limited
13 dividend housing corporation, limited dividend housing associa-
14 tion, mobile home park corporation, or mobile home park associa-
15 tion or to any public body or agency for the construction or
16 rehabilitation, and for the long-term financing, of the
17 following:

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

19 (ii) For the period of time beginning May 1, 1984, and
20 ending November 1, 1987, housing projects in which not less than
21 20% of the dwelling units are allotted to individuals of low or
22 moderate income within the meaning of former section 103(b)(4)(A)
23 of the internal revenue code; not less than 60% of the dwelling
24 units are available to persons and families whose gross household
25 income does not exceed 125% of the higher of either the median
26 income for a family in this state or the median income for a
27 family within the nonmetropolitan county or metropolitan

1 statistical area in which the housing project is located, as
2 determined by the authority; and not more than 20% of the dwell-
3 ing units are available for occupancy without regard to income.
4 The enactment of this subparagraph or the expiration of the
5 authority granted by it shall not affect rules in effect before
6 July 10, 1984, or promulgated after July 9, 1984, to define low
7 or moderate income persons.

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

21 (iv) ~~For the period of time beginning~~ BEGINNING
22 November 1, 1987, ~~and ending November 1, 1996,~~ multifamily
23 housing projects that meet the 20-50 test established in section
24 142 of the internal revenue code and, in addition, in which not
25 less than 15% of the dwelling units are allotted to persons and
26 families whose gross household income does not exceed 125% of the
27 higher of either the median income for a family in this state or

1 the median income for a family within the nonmetropolitan county
2 or metropolitan statistical area in which the housing project is
3 located, as determined by the authority, or to the elderly; not
4 less than 15% of the dwelling units are allotted to persons and
5 families whose gross household income does not exceed 150% of the
6 median income for a family in this state or the median income for
7 a family within the nonmetropolitan county or metropolitan sta-
8 tistical area in which the housing project is located, as deter-
9 mined by the authority, or to the elderly; and not more than 50%
10 of the dwelling units are available for occupancy without regard
11 to income.

12 (v) ~~For the period of time beginning~~ BEGINNING November 1,
13 1987, ~~and ending November 1, 1996,~~ multifamily housing projects
14 in eligible distressed areas that meet the 20-50 test established
15 in section 142 of the internal revenue code and, in addition, in
16 which not more than 80% of the dwelling units are available for
17 occupancy without regard to income.

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

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

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

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

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

20 (d) After November 1, 1987, the authority may continue to
21 finance multifamily housing projects for families or persons
22 whose incomes do not exceed the limits provided in subsection
23 (1)(a)(ii) or (iii) ~~—~~ or (1)(b), until funds derived from the
24 proceeds of bonds or notes issued before November 2, 1987, for
25 that purpose, including the proceeds of prepayments or recovery
26 payments with respect to these multifamily housing projects, have
27 been expended. Multifamily housing projects or single family

1 housing units in an eligible distressed area which are financed
2 by proceeds of notes or bonds issued before June 30, 1984, and
3 which the authority has designated for occupancy by persons and
4 families without regard to income pursuant to this act shall
5 remain eligible for occupancy by families and persons without
6 regard to income until the authority's mortgage loan issued with
7 respect to these multifamily housing projects is fully repaid.

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

16 (E) ~~(f)~~ Notwithstanding the expiration of lending author-
17 ity under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily
18 housing projects financed under those subparagraphs may continue
19 to remain eligible for occupancy by persons and families whose
20 incomes do not exceed the limits provided in those subparagraphs
21 or subsection (1)(b).

22 (F) ~~(g)~~ For purposes of this subsection:

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

25 (ii) "Median income for a family in this state" and "median
26 income for a family within the nonmetropolitan county or

1 metropolitan statistical area" mean those income levels as
2 determined by the authority.

3 (2) (a) The authority may make loans to any nonprofit hous-
4 ing corporation, limited dividend housing corporation, mobile
5 home park corporation, or mobile home park association for the
6 construction or rehabilitation of housing units, including resi-
7 dential condominium units as defined in section 4 of the condo-
8 minium act, Act No. 59 of the Public Acts of 1978, being section
9 559.104 of the Michigan Compiled Laws, for sale to individual
10 purchasers of low or moderate income or to individual purchasers
11 without regard to income when the housing units are located in an
12 eligible distressed area. The authority may make or purchase
13 loans to individual purchasers for the long-term financing of a
14 newly rehabilitated, newly constructed, or existing housing unit,
15 including a residential condominium unit as defined in section 4
16 of Act No. 59 of the Public Acts of 1978. For a loan for a newly
17 rehabilitated or newly constructed housing unit, including a res-
18 idential condominium unit, the borrower's family income shall not
19 exceed \$41,700.00 on or before May 1, 1995, and \$43,575.00 after
20 that date and the purchase price of the housing unit shall not
21 exceed \$99,000.00. For unexpected cost increases during con-
22 struction or improvements to adapt the property for use by handi-
23 capped individuals, the authority may increase the purchase price
24 limit by an amount sufficient to cover those cost increases, but
25 not to exceed \$3,500.00. For a loan for an existing housing
26 unit, including a residential condominium unit, the borrower's
27 family income shall not exceed \$41,700.00 on or before May 1,

1 1995, and \$43,575.00 after that date and the purchase price of
2 the housing unit shall not exceed \$80,000.00. For costs for
3 improvements to adapt an existing housing unit for use by handi-
4 capped individuals, the authority may increase the purchase price
5 limit by an amount sufficient to cover those cost increases, but
6 not to exceed \$3,500.00. If an income or purchase price limit
7 prescribed by this subsection exceeds an applicable limit pre-
8 scribed by the internal revenue code, the internal revenue code
9 limit applies. Except with respect to newly constructed housing
10 units, ~~until November 1, 1996~~ the authority may at any time by
11 resolution establish, for any length of time it considers appro-
12 priate, maximum borrower income or purchase price limits more
13 restrictive than those maximum limitations set forth in this
14 section. The authority shall advise the appropriate house and
15 senate standing committees 5 days prior to the adoption of a res-
16 olution establishing more restrictive maximum borrower income or
17 purchase price limits. Before making any loan under this sec-
18 tion, authority staff shall determine that the borrower has the
19 ability to repay the loan. A loan made or purchased to finance
20 the acquisition of an existing housing unit may include funds for
21 rehabilitation. A loan under this section may be in an amount
22 not to exceed 100% of the project cost as approved by the author-
23 ity in the case of a nonprofit housing corporation or individual
24 purchaser, and in an amount not to exceed 90% of the project cost
25 as approved by the authority in the case of a limited dividend
26 housing corporation, mobile home park corporation, or mobile home
27 park association. The limits on purchase price prescribed by

1 this subsection are effective retroactively as of October 29,
2 1993.

3 (b) While a loan under this subsection is outstanding, any
4 sale by a nonprofit housing corporation or limited dividend hous-
5 ing corporation or any subsequent resale is subject to approval
6 by the authority. The authority shall provide in its rules con-
7 cerning these sales and resales that the price of the housing
8 unit sold, the method of making payments after the sale, the
9 security afforded, and the interest rate, fees, and charges to be
10 paid shall at all times be sufficient to permit the authority to
11 make the payments on its bonds and notes and to meet administra-
12 tive or other costs of the authority in connection with the
13 transactions. Housing units shall be sold under terms that pro-
14 vide for monthly payments including principal, interest, taxes,
15 and insurance.

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

24 (d) Upon the sale by a nonprofit housing corporation,
25 limited dividend housing corporation, mobile home park corpora-
26 tion, or mobile home park association of any housing unit to an
27 individual purchaser of low or moderate income or to an

1 individual purchaser without regard to income if the unit is
2 located in an eligible distressed area under this subsection to
3 whom a loan is being made by the authority, the housing unit
4 shall be released from the mortgage running from the nonprofit
5 housing corporation, limited dividend housing corporation, mobile
6 home park corporation, or mobile home park association to the
7 authority, and the mortgage shall be replaced as to the housing
8 unit by a mortgage running from the individual purchaser to the
9 authority.

10 (e) The authority shall encourage nonprofit housing corpora-
11 tions and limited dividend housing corporations engaged in con-
12 struction or rehabilitation under this subsection to utilize the
13 labor of prospective individual purchasers of low or moderate
14 income in the construction or rehabilitation of the housing units
15 involved. The value of the labor of the prospective purchasers
16 so utilized shall be used to reduce the project costs of the
17 housing units involved.

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

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

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

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

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

20 (3) A loan under this section may be secured or unsecured as
21 determined by the authority. If the loan is unsecured, it shall
22 be accepted for insurance under title 1 of the national housing
23 act, 12 U.S.C. 1702, 1703, 1705, and 1706b to 1706d, or another
24 federal or private insurance program providing coverage at least
25 equal to that provided by that title, or the authority shall
26 establish a reserve for losses on uninsured loans made under this
27 section and shall deposit into that reserve an amount equal to 5%

1 of the principal amount of each such uninsured loan on or before
2 the making of the loan. Money may be withdrawn by the authority
3 from this reserve for application as loan repayments in connec-
4 tion with loans that are delinquent. In addition, upon repayment
5 of a loan made, purchased, or participated in under this section,
6 the authority may withdraw the amount deposited in the reserve in
7 connection with that loan, reduced by any amounts withdrawn as
8 loan repayments in connection with the loan, and may apply the
9 amounts to any of the authority's programs and purposes. Any
10 income or interest earned by or increment to the reserve due to
11 the investment of the money in the reserve may, at such times as
12 the authority shall determine, be transferred by the authority to
13 other funds or accounts of the authority and applied to any of
14 the corporate purposes of the authority. A loan under this sec-
15 tion shall bear interest at a rate and be repaid in the period,
16 not exceeding 20 years, as may be determined by the authority and
17 under additional terms and conditions as may be determined by the
18 authority.

19 (4) A deferred payment loan or grant may be secured or unse-
20 cured as determined by the authority, and shall be made under
21 additional terms and conditions determined by the authority.

22 (5) In recognition of the need for rehabilitation loans,
23 grants, and deferred payment loans in all geographic areas of the
24 state, the authority shall promulgate rules that provide for the
25 availability of loans, grants, and deferred payment loans on an
26 equitable basis to qualified applicants in all geographic areas
27 of this state. With respect to loans, grants, and deferred

1 payment loans made pursuant to this section that are not based on
2 residency in a neighborhood selected ~~pursuant to~~ UNDER section
3 22a(5), eligibility for loans, grants, or deferred payment loans
4 shall not be based upon the number of qualified applicants in the
5 geographic area in which the individual resides.

6 (6) For purposes of this section, persons and families of
7 low and moderate income means persons and families whose family
8 income does not exceed \$41,700.00 on or before May 1, 1995, and
9 \$43,575.00 after that date. ~~Until November 1, 1996 the~~ THE
10 authority may at any time by resolution establish, for any length
11 of time it considers appropriate, maximum family income limits
12 more restrictive than those maximum limitations set forth in this
13 section. The authority shall advise the appropriate house and
14 senate standing committees 5 days prior to the adoption of a res-
15 olution establishing more restrictive maximum family income
16 limits.

17 (7) FOR HOME IMPROVEMENT LOANS INSURED UNDER TITLE I OF THE
18 NATIONAL HOUSING ACT, THE MAXIMUM PRINCIPAL LOAN AMOUNTS, EXCLU-
19 SIVE OF FINANCE CHARGES, ARE AS FOLLOWS:

20 (A) \$25,000.00 FOR RESIDENTIAL STRUCTURES CONTAINING 1
21 DWELLING UNIT.

22 (B) \$12,000.00 PER DWELLING UNIT FOR RESIDENTIAL STRUCTURES
23 CONTAINING 2 TO 4 DWELLING UNITS.

24 Sec. 44c. (1) If the resolution authorizing the issuance of
25 notes or bonds provides that the notes or bonds are limited and
26 not general obligations of the authority, are not secured by the
27 capital reserve capital account, and are secured solely by

1 revenues and property derived from or obtained in connection with
2 the housing project, the authority shall use the proceeds of
3 those notes or bonds to make loans directly, or indirectly by a
4 loan through a mortgage lender, to a nonprofit housing corpora-
5 tion, consumer housing cooperative, limited dividend housing cor-
6 poration, limited dividend housing association, mobile home park
7 corporation, mobile home park association, or public body or
8 agency for the construction, rehabilitation, long-term financing
9 or any combination of construction, rehabilitation, or long-term
10 financing of any of the following:

11 (a) Multifamily housing projects for low income or moderate
12 income persons.

13 (b) ~~For the period of time beginning~~ BEGINNING May 1,
14 1984, ~~and ending November 1, 1996,~~ multifamily housing projects
15 in which not less than 20% of the dwelling units are allotted to
16 individuals of low or moderate income within the meaning of
17 former section 103(b)(4)(A) of the internal revenue code; not
18 less than 15% of the dwelling units are allotted to persons and
19 families whose gross household income does not exceed 125% of the
20 higher of either the median income for a family in this state or
21 the median income for a family within the nonmetropolitan county
22 or metropolitan statistical area in which the housing project is
23 located, as determined by the authority, or to the elderly; not
24 less than 15% of the dwelling units are allotted to persons and
25 families whose gross household income does not exceed 150% of the
26 median income for a family in this state or the median income for
27 a family within the nonmetropolitan county or metropolitan

1 statistical area in which the housing project is located, as
2 determined by the authority, or to the elderly; and not more than
3 50% of the dwelling units are available for occupancy without
4 regard to income.

5 (c) ~~For the period of time beginning~~ BEGINNING May 1,
6 1984, ~~and ending November 1, 1996,~~ multifamily housing projects
7 in eligible distressed areas in which not less than 20% of the
8 dwelling units are allotted to individuals of low or moderate
9 income within the meaning of former section 103(b)(4)(A) of the
10 internal revenue code and in which not more than 80% of the
11 dwelling units are available for occupancy without regard to
12 income.

13 (d) Social, recreational, commercial, or communal facilities
14 to serve and improve the residential area in which an
15 authority-financed multifamily housing project is located or is
16 planned to be located, thereby enhancing the viability of such
17 housing.

18 (2) To qualify as rehabilitation under this section, the
19 rehabilitation expenditures with respect to the project must
20 equal or exceed 30% of the portion of the cost of acquiring the
21 building and equipment financed with the proceeds of the notes or
22 bonds issued to acquire and rehabilitate the project. For a
23 project located in an eligible distressed area, the amount of
24 rehabilitation may be less than the 30% requirement if the
25 authority determines and expresses by resolution that the likely
26 benefit to the community or the proposed residents of the project
27 merits the use of this financing source. This subsection does

1 not apply to a project for which the authority has authorized a
2 loan commitment under this section before December 18, 1985. The
3 authority shall not provide long-term financing for a project
4 under this section unless the project is constructed or rehabili-
5 tated in anticipation of authority financing, the construction or
6 rehabilitation is undertaken with authority financing, or
7 long-term financing is being provided with respect to a housing
8 project for which regulatory or contractual restrictions assuring
9 occupancy of some or all of the units by families or persons of
10 low or moderate income are subject to termination within a 2-year
11 period following the acquisition of the housing project.

12 (3) Notwithstanding the provisions of this section, the
13 authority shall establish by resolution higher income limits for
14 a housing project financed under either subsection (1)(a) or (b)
15 equal to the income limits of subsection (1)(c) if the authority
16 determines all of the following:

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

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

25 (4) Notwithstanding the expiration of lending authority
26 under this section, multifamily housing projects financed under
27 this section may continue to remain eligible for occupancy by

1 persons and families whose incomes do not exceed the limits
2 provided in subsection (1) or (3).

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

6 (a) A description of the proposed credit enhancement. The
7 proposed credit enhancement may be in the form of a letter of
8 credit, bonding, guarantee, mortgage insurance, or other appro-
9 priate security in an amount sufficient to assure the authority
10 that repayment of notes or bonds issued by the authority is rea-
11 sonably secure.

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

17 (c) An application fee equal to the greater of \$4,000.00 or
18 0.0005 multiplied by the principal amount of notes or bonds for
19 which issuance is requested. For a project located in an eligi-
20 ble distressed area, the fee required by this subdivision shall
21 be refundable if the notes or bonds are not delivered or may be
22 waived by the authority in the event the owner of the housing
23 project is or will be a nonprofit housing corporation qualified
24 under section 501(c)(3) of the internal revenue code. In all
25 other cases the fee is nonrefundable.

26 (6) So long as there is uncommitted bonding capability under
27 the limitations of section ~~32a(1)(b)~~ 32, the authority shall

1 issue a 6-month commitment to loan funds, subject to sale by the
2 authority of its notes and bonds in compliance with applicable
3 law and pursuant to terms and conditions which permit the funding
4 of such loan, either directly or indirectly by a loan through a
5 mortgage lender, to the borrower in the amount of the total
6 development cost of the proposed multifamily housing project or
7 \$25,000,000.00, whichever is less, or if the proposed multifamily
8 housing project is located in an eligible distressed area, in the
9 amount of the total development cost of the proposed project or
10 \$50,000,000.00, whichever is less, upon the determination by the
11 authority of all of the following:

12 (a) The housing project is eligible for financing under this
13 section.

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

15 (c) The requirements of subsection (5) have been met.

16 (d) The borrower has provided evidence of a commitment to
17 issue a credit enhancement in the form of a letter of credit,
18 bonding, guarantee, mortgage insurance, or other appropriate
19 security in a form and amount sufficient to assure the authority
20 that the repayment of notes or bonds issued by the authority for
21 purposes of making a loan to the borrower is reasonably secure.
22 If the authority determines that repayment of the notes or bonds
23 will be reasonably secure, EXCEPT AS OTHERWISE PROVIDED IN THIS
24 SUBSECTION the authority's review of the credit enhancement shall
25 take the place of the authority's normal underwriting and feasi-
26 bility review. THE AUTHORITY MAY UNDERTAKE TO REVIEW ALL OR ANY
27 PORTION OF THE PLANS, ESTIMATED COSTS, PROJECTED EXPENSES AND

1 RENTS, AND SIMILAR FACTORS RELATED TO THE PROPOSED HOUSING
2 PROJECT AND MAY DECLINE TO FINANCE THE PROPOSED PROJECT IF EITHER
3 OF THE FOLLOWING APPLIES:

4 (i) IT DETERMINES THAT THE CONSTRUCTION OR REHABILITATION OF
5 THE PROPOSED ADDITIONAL UNITS MAY NEGATIVELY AFFECT THE MARKET-
6 ABILITY OF AUTHORITY-FINANCED HOUSING IN THE MARKET AREA OF THE
7 PROPOSED PROJECT.

8 (ii) IT DETERMINES THAT THE PROPOSED HOUSING PROJECT IS NOT
9 REASONABLY LIKELY TO BE ABLE TO PAY PROJECTED EXPENSES AND DEBT
10 SERVICE.

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

13 (7) Unless a borrower is a nonprofit housing corporation
14 qualified under section 501(c)(3) of the internal revenue code, a
15 borrower and any person who is a related person to the borrower
16 as defined in section 144(a)(3) of the internal revenue code
17 shall not have outstanding loan commitments under this section
18 which total more than the greater of \$25,000,000.00 or the amount
19 of financing approved for a single project under subsection (6).
20 Once a loan has been made under this section, the commitment made
21 with respect to the loan shall no longer be considered to be
22 outstanding.

23 (8) Simultaneously with the issuance of the loan commitment
24 by the authority, the borrower shall pay a commitment fee in the
25 amount of not more than 0.1% of the principal amount of notes or
26 bonds to be issued. The authority shall credit the amount paid
27 by the borrower as an application fee under subsection (5)

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

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

11 (10) Except as otherwise provided in this subsection, upon
12 issuance of any notes or bonds to finance a housing project under
13 this section, the borrower shall pay at the time the notes or
14 bonds are issued, in addition to any commitment or extension fee
15 paid under subsection (8), a fee of either not more than 0.9% of
16 the principal amount of the notes or bonds for a loan made for a
17 project located in an eligible distressed area or not more than
18 1.9% of the principal amount of the notes or bonds for a loan
19 made for a project located in other than an eligible distressed
20 area. If notes or bonds have been issued under this section for
21 a project owned by the borrower located in an eligible distressed
22 area within 180 days before the issuance of notes or bonds for
23 the next project financed by that borrower, which next project is
24 located in other than an eligible distressed area, the fee under
25 this subsection shall be not more than 0.9% of the principal
26 amount of the notes or bonds. If notes or bonds have been issued
27 under this section for a project located in other than an

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

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

23 (12) A borrower is allowed distributions equal to a 12%
24 return on the borrower's investment in a multifamily housing
25 project financed under this section for the first 12 months of
26 operation of the housing project following substantial
27 completion. The allowable return shall be increased by 1% for

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

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

10 (a) The incomes of the tenants residing in that housing
11 project in a manner ~~which~~ THAT preserves the anonymity of those
12 tenants.

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

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

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

24 (e) Information requested by the authority about that hous-
25 ing project ~~which~~ THAT is needed so that the authority can
26 report the estimated extent of additional reinvestment activities

1 by private lenders attributable to the authority's financing of
2 housing projects financed under this section.

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

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

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

10 (15) The authority may inspect and audit projects and
11 records of projects financed under this section in order to moni-
12 tor compliance with the requirements of this section. If there
13 is noncompliance, the authority, pursuant to the provisions of
14 the financing and organizational documents applicable to the
15 transaction, may pursue the remedies ~~which~~ THAT the authority
16 considers appropriate. Except as is required to assure compli-
17 ance with this section or section 46 or otherwise required by
18 purchasers of, or a third party credit enhancement provider with
19 respect to, notes or bonds issued to finance a multifamily hous-
20 ing project under this section, the authority shall not regulate,
21 in any manner, a multifamily housing project financed under this
22 section. This section does not preclude the authority from regu-
23 lating a multifamily housing project in consideration for other
24 types of program benefits, incentives, or concessions provided by
25 the authority over and above the financing made available under
26 this section.

1 (16) Notwithstanding any other provision of this section,
2 there shall not be any liability on the part of the authority or
3 its members, officers, employees, or agents, and the assets of
4 the authority shall not be subject to any liability, as a result
5 of any act or failure to act under this section on the part of
6 the authority or its members, officers, employees, or agents.

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

20 (18) Except for housing projects for which the authority has
21 adopted an inducement resolution on or before April 1, 1991,
22 loans shall not be made under this section unless the authority
23 determines that use of the state's unified volume cap for a
24 project will not impair the ability of the authority to carry out
25 programs or finance housing developments or housing units which
26 are targeted to lower income persons.

1 SEC. 44G. AN ACTION SHALL NOT BE BROUGHT AGAINST THE
2 AUTHORITY TO ENFORCE ANY OF THE FOLLOWING PROMISES OR COMMITMENTS
3 OF THE AUTHORITY UNLESS THE PROMISE OR COMMITMENT IS IN WRITING
4 AND SIGNED WITH AN AUTHORIZED SIGNATURE BY THE AUTHORITY:

5 (A) A PROMISE OR COMMITMENT TO LEND MONEY, GRANT OR EXTEND
6 CREDIT, OR MAKE ANY OTHER FINANCIAL ACCOMMODATION.

7 (B) A PROMISE OR COMMITMENT TO RENEW, EXTEND, MODIFY, OR
8 PERMIT A DELAY IN REPAYMENT OR PERFORMANCE OF A LOAN, EXTENSION
9 OF CREDIT, OR OTHER FINANCIAL ACCOMMODATION.

10 (C) A PROMISE OR COMMITMENT TO WAIVE A PROVISION OF A LOAN,
11 EXTENSION OF CREDIT, OR OTHER FINANCIAL ACCOMMODATION.

12 Sec. 91. Limited dividend housing association ~~shall~~
13 ~~include~~ INCLUDES general or limited partnerships, LIMITED
14 LIABILITY COMPANIES, joint ventures, or trusts, as any such enti-
15 ties shall be approved ~~pursuant to~~ BY resolution of the
16 authority. Members of a limited dividend housing association
17 shall include each and all persons with a legal or beneficial
18 interest of any kind in a limited dividend housing association or
19 its assets.

20 Sec. 98a. A mobile home park association includes general
21 or limited partnerships, LIMITED LIABILITY COMPANIES, joint ven-
22 tures, or trusts, as any such entities may be approved ~~pursuant~~
23 ~~to~~ BY resolution of the authority. Members of a mobile home
24 park association shall include each and all persons with a legal
25 or beneficial interest of any kind in a mobile home park associa-
26 tion or its assets.