

A bill to amend 1966 PA 346, entitled  
"State housing development authority act of 1966,"  
by amending sections 1, 22, 32b, 44, and 44d (MCL 125.1401,  
125.1422, 125.1432b, 125.1444, and 125.1444d), section 1 as  
amended by 1984 PA 215, sections 22, 32b, and 44 as amended by  
1996 PA 475, and section 44d as added by 1987 PA 86.

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

1       Sec. 1. (1) The legislature hereby determines that there  
2 exists in the state a seriously inadequate supply of, and a  
3 pressing need for, safe and sanitary dwelling accommodations  
4 within the financial means of low income or moderate income fami-  
5 lies or persons, including those families and persons displaced  
6 by the clearing of slums and blighted areas or by other public  
7 programs; that there exists in this state a high incidence of  
8 residential real property occupied by persons of low and moderate

1 income which is not safe, sanitary, or adequate and that there is  
2 a pressing need for rehabilitation of that property; that large  
3 areas in municipalities have become blighted or, through programs  
4 to remove blight, have become vacant, resulting in the impairment  
5 or loss of taxable values upon which municipal revenue largely  
6 depends; that large numbers of middle and upper income persons  
7 and families have left municipalities which have high concentra-  
8 tions of low income persons and families resulting in a high  
9 demand for municipal services notwithstanding a low potential for  
10 generating revenues necessary to pay for those services; that the  
11 existence of blight, the inability to redevelop cleared areas,  
12 and the lack of economic integration is detrimental to the gen-  
13 eral welfare of the citizens of this state and the economic wel-  
14 fare of municipalities in this state; that the financing of hous-  
15 ing for persons and families without regard to income will assist  
16 in preserving existing values of property within or adjacent to  
17 blighted or cleared areas; that economic integration will promote  
18 the financial and social stability of housing for families and  
19 persons of low and moderate income; that in order to improve and  
20 maintain the general character of municipalities having the  
21 aforesaid characteristics, it is necessary to promote the devel-  
22 opment of housing for persons and families without regard to  
23 income; that to increase the availability of safe and sanitary  
24 housing generally it is necessary to facilitate the purchase of  
25 existing housing by making financing for the purchase of existing  
26 housing available at affordable interest rates; that there are  
27 inadequate social, recreational, commercial, and communal

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

1 for persons and families of low and moderate income in order to  
2 facilitate the provision of affordable housing for such persons,  
3 to finance mobile homes, mobile home parks, and mobile home con-  
4 dominium projects without regard to income in areas in municipal-  
5 ities which are experiencing blight or inability to redevelop  
6 land cleared of blight which are predominately populated by low  
7 and moderate income persons and families, and to finance social,  
8 recreational, commercial, and communal facilities in mobile home  
9 parks and mobile home condominium projects, the financing of  
10 mobile homes, mobile home parks, and mobile home condominium  
11 projects being necessary to fill a gap in the housing market.

12 (2) It is further determined that the supply of low and mod-  
13 erate cost housing available for occupancy by certain  
14 ~~handicapped~~ persons WITH DISABILITIES and certain elderly per-  
15 sons is being eroded through greatly increasing rental rates, and  
16 the conversion of low and moderate cost rental units into condo-  
17 minium units which are then sold at prices and under financing  
18 terms which are not affordable to those ~~handicapped~~ persons  
19 WITH DISABILITIES and elderly persons. It is further determined  
20 that it is a proper public purpose to prevent the erosion of the  
21 supply of existing low and moderate cost housing available for  
22 occupancy by certain ~~handicapped~~ persons WITH DISABILITIES and  
23 elderly persons by taking appropriate action to prevent the dis-  
24 placement of those ~~handicapped~~ persons WITH DISABILITIES and  
25 elderly persons from existing low and moderate cost housing,  
26 including the making of loans enabling those ~~handicapped~~

1 persons WITH DISABILITIES and elderly persons to continue to rent  
2 the units in which they reside.

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

24       (4) It is further determined that there exists in this state  
25 a high incidence of residential rental property which is not  
26 safe, sanitary, adequate, or energy efficient, and that there is  
27 a pressing need for the rehabilitation of residential rental

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

8       (5) It is further determined that there is a statewide  
9 pressing need for programs to alleviate and prevent conditions of  
10 unemployment in the housing industry, to preserve existing jobs  
11 and create new jobs to meet the employment demands of population  
12 growth, to promote the development of construction related busi-  
13 ness enterprises, to revitalize and diversify the Michigan econ-  
14 omy in general, and to achieve the goals of economic growth and  
15 full employment.

16       (6) It is further determined that the construction and reha-  
17 bilitation of safe and sanitary dwellings are necessary to the  
18 creation and retention of jobs in the state.

19       (7) It is further determined that the retention, promotion,  
20 and development of the housing industry require additional means  
21 of financing to help existing business enterprises expand more  
22 rapidly, to promote the location of additional business enter-  
23 prises in this state, and to alleviate and prevent conditions of  
24 unemployment.

25       (8) The legislature finds that the conditions described in  
26 subsections (1) to (7) cannot be remedied by the ordinary  
27 operation of private enterprise without supplementary public

1 participation and that the authority and powers conferred by this  
2 act constitute a necessary program and serve a valid public  
3 purpose.

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

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

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

24       (c) To agree and comply with conditions attached to federal  
25 financial assistance.

26       (d) To survey and investigate housing conditions and needs,  
27 both urban and rural, throughout this state and make

1 recommendations to the governor and the legislature regarding  
2 legislation and other measures necessary or advisable to allevi-  
3 ate any existing housing shortage in this state.

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

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

18       (g) To encourage the salvage of all possible usable housing  
19 scheduled for demolition because of highway, school, urban renew-  
20 al, or other programs by seeking authority for the sponsors of  
21 the programs to use funds provided for the demolition of the  
22 buildings, to be allocated to those sponsors approved by the  
23 authority to defray moving and rehabilitation costs of the  
24 buildings.

25       (h) To engage and encourage research in, and to formulate  
26 demonstration projects to develop, new and better techniques and  
27 methods for increasing the supply of housing for persons eligible



1 for assistance as provided in this act; and to provide technical  
2 assistance in the development of housing projects and in the  
3 development of programs to improve the quality of life for all  
4 the people of this state.

5 (i) To make or purchase loans, including loans for condomin-  
6 ium units as defined in section 4 of the condominium act, ~~Act~~  
7 ~~No. 59 of the Public Acts of 1978, being section 559.104 of the~~  
8 ~~Michigan Compiled Laws~~ 1978 PA 59, MCL 559.104, and including  
9 loans to mortgage lenders, which are unsecured or the repayments  
10 of which are secured by mortgages, security interests, or other  
11 forms of security; to purchase and enter into commitments for the  
12 purchase of securities, certificates of deposits, time deposits,  
13 or mortgage loans from mortgage lenders; to participate in the  
14 making or purchasing of unsecured or secured loans and undertake  
15 commitments to make or purchase unsecured or secured loans; to  
16 sell mortgages, security interests, notes, and other instruments  
17 or obligations evidencing or securing loans, including certifi-  
18 cates evidencing interests in 1 or more loans, at public or pri-  
19 vate sale; in connection with the sale of an instrument or obli-  
20 gation evidencing or securing 1 or more loans, to service, guar-  
21 antee payment on, or repurchase the instrument or obligation,  
22 whether or not it is in default; to modify or alter mortgages and  
23 security interests; to foreclose on any mortgage, security inter-  
24 est, or other form of security; to finance housing units; to com-  
25 mence an action to protect or enforce a right conferred upon the  
26 authority by law, mortgage, security agreement, contract, or  
27 other agreement; to bid for and purchase property that was the

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

14 (j) To set standards for housing projects that receive loans  
15 under this act and to provide for inspections to determine com-  
16 pliance with those standards. The standards for construction and  
17 rehabilitation of mobile homes, mobile home parks, and mobile  
18 home condominium projects shall be established jointly by the  
19 authority and the mobile home commission, created in the mobile  
20 home commission act, ~~Act No. 96 of the Public Acts of 1987,~~  
21 ~~being sections 125.2301 to 125.2349 of the Michigan Compiled~~  
22 ~~Laws~~ 1987 PA 96, MCL 125.2301 TO 125.2349. However, financing  
23 standards shall be established solely by the authority.

24 (k) To accept gifts, grants, loans, appropriations, or other  
25 aid from the federal, state, or local government, from a subdivi-  
26 sion, agency, or instrumentality of a federal, state, or local

1 government, or from a person, corporation, firm, or other  
2 organization.

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

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

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

23       (o) To promulgate rules necessary to carry out the purposes  
24 of this act and to exercise the powers expressly granted in this  
25 act in accordance with the administrative procedures act of 1969,  
26 ~~Act No. 306 of the Public Acts of 1969, being sections 24.201 to~~

1 ~~24.328 of the Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO  
2 24.328.

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

13 (q) To appoint to the board of directors of a nonprofit  
14 housing corporation, consumer housing cooperative, limited divi-  
15 dend housing corporation, mobile home park corporation, or mobile  
16 home park association, a number of new directors sufficient to  
17 constitute a majority of the board notwithstanding other provi-  
18 sions of the articles of incorporation or other provisions of  
19 law. Directors appointed under this subsection need not be  
20 stockholders or members or meet other qualifications that may be  
21 described by the certificate of incorporation or bylaws. In the  
22 absence of fraud or bad faith, directors appointed under this  
23 subsection shall not be personally liable for debts, obligations,  
24 or liabilities of the corporation or association. The authority  
25 may appoint directors under this subsection only if 1 or more of  
26 the following occur:

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

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

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

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

1 a private individual, firm, corporation, partnership, or  
2 association seeking to derive benefit or gain from, or seeking to  
3 eliminate or minimize losses in any dealings or transactions  
4 with, the nonprofit corporation or consumer housing cooperative.  
5 However, this subparagraph shall apply to individual cooperators  
6 in consumer housing cooperatives only in circumstances defined by  
7 the authority in its rules.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

11 (z) To verify for the state treasurer statements submitted  
12 by a city, village, township, or county as to exempt properties  
13 under section 7d of the general property tax act, ~~Act No. 206 of~~  
14 ~~the Public Acts of 1893, being section 211.7d of the Michigan~~  
15 ~~Compiled Laws~~ 1893 PA 206, MCL 211.7D.

16 (aa) To enter into interest rate exchanges or swaps, hedges,  
17 or similar agreements with respect to its bonds or notes in the  
18 same manner and subject to the same limitations and conditions  
19 provided for a municipality in section 15 of chapter III of the  
20 municipal finance act, ~~Act No. 202 of the Public Acts of 1943,~~  
21 ~~being section 133.15 of the Michigan Compiled Laws~~ 1943 PA 202,  
22 MCL 133.15.

23 (bb) To make working capital loans to contractors or subcon-  
24 tractors on housing projects financed by the authority. The  
25 authority shall submit an annual report to the legislature con-  
26 taining the amount, recipient, duration, circumstance, and other  
27 related statistics for each capital loan made to a contractor or

1 subcontractor under this subdivision. The authority shall  
2 include in the report statistics related to the cost of improve-  
3 ments made to adapt property for use by ~~handicapped~~ DISABLED  
4 individuals as provided in section 32b(5) or (6) or section  
5 44(2)(a).

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

12 (dd) To impose covenants running with the land in order to  
13 satisfy requirements of applicable federal law with respect to  
14 housing assisted or to be assisted through federal programs such  
15 as the low income housing tax credit program or the home invest-  
16 ment partnerships program by executing and recording regulatory  
17 agreements between the authority or such municipality or other  
18 entity as may be designated by the authority and the person or  
19 entity to be bound. These covenants shall run with the land and  
20 be effective with respect to the parties making the covenants and  
21 other intended beneficiaries of the covenants, even though there  
22 is no privity of estate or privity of contract as between the  
23 authority and the persons or entities to be bound.

24 (ee) To impose covenants running with the land in order to  
25 satisfy requirements of applicable state or federal law with  
26 respect to housing financed by the authority by executing and  
27 recording regulatory agreements between the authority and the

1 person or entity to be bound. These covenants shall run with the  
2 land and be effective with respect to the parties making the cov-  
3 enants and other intended beneficiaries of the covenants, even  
4 though there is no privity of estate or privity of contract as  
5 between the authority and the persons or entities to be bound.  
6 With respect to the application of any applicable environmental  
7 laws, this subdivision shall not be construed to grant to the  
8 authority any additional rights, privileges, or immunities not  
9 otherwise afforded to a private lender that is not in the chain  
10 of title for the land.

11 (ff) To participate in programs designed to assist persons  
12 and families whose incomes do not exceed 115% of the greater of  
13 statewide median gross income or the area median gross income  
14 become homeowners where loans are made by private lenders for  
15 purchase by the government national mortgage association, federal  
16 national mortgage association, federal home loan mortgage corpo-  
17 ration, or other federally chartered organizations.  
18 Participation may include providing or funding homeownership  
19 counseling and providing some or all of a reserve fund to be used  
20 to pay for losses in excess of insurance coverage.

21 (gg) To invest up to 20% of funds held by or for the author-  
22 ity in escrow accounts for the benefit of the authority or mort-  
23 gagors of authority-financed housing in loans originated or pur-  
24 chased by the authority, under the conditions prescribed in this  
25 subdivision and without the consent of the escrow depositors. In  
26 connection with loans described in this subdivision, the  
27 authority may charge and retain fees in amounts similar to those

1 charged with respect to similar loans for which the source of  
2 funding does not come from escrow funds. The investment autho-  
3 rized by this subdivision shall not be made unless both of the  
4 following requirements are met:

5       (i) The return on the loan is approximately equivalent to  
6 that which could be obtained from investments of substantially  
7 similar credit quality and maturity, as determined by the  
8 authority.

9       (ii) The authority agrees to repurchase from its own funds  
10 and at the same prices at which the loans were sold to the escrow  
11 funds, as adjusted for the accretion of discount or amortization  
12 of premium, plus accrued interest, any loans that become delin-  
13 quent in excess of 30 days. This subdivision does not obligate  
14 the authority to purchase a delinquent loan so long as with  
15 respect to that loan the authority advances money from its own  
16 funds in the amount of the delinquent payments. The authority's  
17 election to advance payments does not in any manner abate or cure  
18 the delinquency of the loan and the authority may resort to any  
19 remedies that would exist in the absence of that payment.

20       (hh) To acquire, develop, rehabilitate, own, operate, and  
21 enter into contracts with respect to the management and operation  
22 of real and personal property to use as office facilities by the  
23 authority and to enter into leases with respect to facilities not  
24 immediately necessary for the activities of the authority.

25       Sec. 32b. (1) The authority is designated as the adminis-  
26 trator of the mortgage credit certificate program for this state  
27 permitted under section 25 of the internal revenue code. The

1 authority shall elect under section 25 of the internal revenue  
2 code to convert at least \$59,000,000.00 of 1985 federal mortgage  
3 revenue bond authority into mortgage credit certificate  
4 authority.

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

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

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

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

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

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

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

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

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

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

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

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

25 (8) If an income or purchase price limit prescribed by sub-  
26 section (3), (4), (5), (6), or (7) exceeds an applicable limit  
27 prescribed by the internal revenue code, the internal revenue

1 code limit applies. Except with respect to newly constructed  
2 housing units, the authority may at any time by resolution estab-  
3 lish, for any length of time it deems appropriate, maximum bor-  
4 rower income or purchase price limits more restrictive than those  
5 maximum limitations set forth in this section. The authority  
6 shall advise the appropriate house and senate standing committees  
7 5 days prior to the adoption of a resolution establishing more  
8 restrictive income or purchase price limits.

9 (9) The changes made to purchase price limits in  
10 subsections (3) and (4) by ~~Act No. 186 of the Public Acts of~~  
11 ~~1995~~ 1995 PA 186 are retroactive, effective as of October 29,  
12 1993.

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

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

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



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

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

23       (iv) Beginning November 1, 1987, multifamily housing  
24 projects that meet the 20-50 test established in section 142 of  
25 the internal revenue code and, in addition, in which not less  
26 than 15% of the dwelling units are allotted to persons and  
27 families whose gross household income does not exceed 125% of the

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

13       (v) Beginning November 1, 1987, 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 that demonstrates a  
19 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 pro-  
24 ceeds of bonds or notes issued before November 2, 1987, for that  
25 purpose, including the proceeds of prepayments or recovery pay-  
26 ments 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) Notwithstanding the expiration of lending authority  
9 under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily  
10 housing projects financed under those subparagraphs may continue  
11 to remain eligible for occupancy by persons and families whose  
12 incomes do not exceed the limits provided in those subparagraphs  
13 or subsection (1)(b).

14       (f) For purposes of this subsection:

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

17       (ii) "Median income for a family in this state" and "median  
18 income for a family within the nonmetropolitan county or metro-  
19 politan statistical area" mean those income levels as determined  
20 by the authority.

21       (2) (a) The authority may make loans to any nonprofit hous-  
22 ing corporation, limited dividend housing corporation, mobile  
23 home park corporation, or mobile home park association for the  
24 construction or rehabilitation of housing units, including resi-  
25 dential condominium units as defined in section 4 of the condo-  
26 minium act, ~~Act No. 59 of the Public Acts of 1978, being section~~  
27 ~~559.104 of the Michigan Compiled Laws~~ 1978 PA 59, MCL 559.104,

1 for sale to individual purchasers of low or moderate income or to  
2 individual purchasers without regard to income when the housing  
3 units are located in an eligible distressed area. The authority  
4 may make or purchase loans to individual purchasers for the  
5 long-term financing of a newly rehabilitated, newly constructed,  
6 or existing housing unit, including a residential condominium  
7 unit as defined in section 4 of ~~Act No. 59 of the Public Acts of~~  
8 ~~1978~~ THE CONDOMINIUM ACT, 1978 PA 59, MCL 559.104. For a loan  
9 for a newly rehabilitated or newly constructed housing unit,  
10 including a residential condominium unit, the borrower's family  
11 income shall not exceed \$41,700.00 on or before May 1, 1995, and  
12 \$43,575.00 after that date and the purchase price of the housing  
13 unit shall not exceed \$99,000.00. For unexpected cost increases  
14 during construction or improvements to adapt the property for use  
15 by ~~handicapped~~ DISABLED individuals, the authority may increase  
16 the purchase price limit by an amount sufficient to cover those  
17 cost increases, but not to exceed \$3,500.00. For a loan for an  
18 existing housing unit, including a residential condominium unit,  
19 the borrower's family income shall not exceed \$41,700.00 on or  
20 before May 1, 1995, and \$43,575.00 after that date and the pur-  
21 chase price of the housing unit shall not exceed \$80,000.00. For  
22 costs for improvements to adapt an existing housing unit for use  
23 by ~~handicapped~~ DISABLED individuals, the authority may increase  
24 the purchase price limit by an amount sufficient to cover those  
25 cost increases, but not to exceed \$3,500.00. If an income or  
26 purchase price limit prescribed by this subsection exceeds an  
27 applicable limit prescribed by the internal revenue code, the

1 internal revenue code limit applies. Except with respect to  
2 newly constructed housing units, the authority may at any time by  
3 resolution establish, for any length of time it considers appro-  
4 priate, maximum borrower income or purchase price limits more  
5 restrictive than those maximum limitations set forth in this  
6 section. The authority shall advise the appropriate house and  
7 senate standing committees 5 days prior to the adoption of a res-  
8 olution establishing more restrictive maximum borrower income or  
9 purchase price limits. Before making any loan under this sec-  
10 tion, authority staff shall determine that the borrower has the  
11 ability to repay the loan. A loan made or purchased to finance  
12 the acquisition of an existing housing unit may include funds for  
13 rehabilitation. A loan under this section may be in an amount  
14 not to exceed 100% of the project cost as approved by the author-  
15 ity in the case of a nonprofit housing corporation or individual  
16 purchaser, and in an amount not to exceed 90% of the project cost  
17 as approved by the authority in the case of a limited dividend  
18 housing corporation, mobile home park corporation, or mobile home  
19 park association. The limits on purchase price prescribed by  
20 this subsection are effective retroactively as of October 29,  
21 1993.

22 (b) While a loan under this subsection is outstanding, any  
23 sale by a nonprofit housing corporation or limited dividend hous-  
24 ing corporation or any subsequent resale is subject to approval  
25 by the authority. The authority shall provide in its rules con-  
26 cerning these sales and resales that the price of the housing  
27 unit sold, the method of making payments after the sale, the

1 security afforded, and the interest rate, fees, and charges to be  
2 paid shall at all times be sufficient to permit the authority to  
3 make the payments on its bonds and notes and to meet administra-  
4 tive or other costs of the authority in connection with the  
5 transactions. Housing units shall be sold under terms that pro-  
6 vide for monthly payments including principal, interest, taxes,  
7 and insurance.

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

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

1 a mortgage running from the individual purchaser to the  
2 authority.

3 (e) The authority shall encourage nonprofit housing corpora-  
4 tions and limited dividend housing corporations engaged in con-  
5 struction or rehabilitation under this subsection to utilize the  
6 labor of prospective individual purchasers of low or moderate  
7 income in the construction or rehabilitation of the housing units  
8 involved. The value of the labor of the prospective purchasers  
9 so utilized shall be used to reduce the project costs of the  
10 housing units involved.

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

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

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

26 Sec. 44d. (1) The authority may make loans to any nonprofit  
27 housing corporation, consumer housing cooperative, limited



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

6       (a) The housing project provides a system of support serv-  
7 ices that promote and preserve the independent living of  
8 ~~handicappers~~ PERSONS WITH DISABILITIES, the elderly, or other  
9 persons at risk of institutionalization.

10       (b) Social, recreational, medical, and shopping facilities  
11 are readily accessible to the residents who cannot provide their  
12 own transportation.

13       (c) An affordable, daily demand actuated transportation  
14 system is integrated into the project for elderly and  
15 ~~handicapper~~ residents WITH DISABILITIES who are unable to  
16 transport themselves.