

**STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966 (EXCERPT)**  
**Act 346 of 1966**

**125.1422c Subsidiary nonprofit housing corporation.**

Sec. 22c. (1) The authority may incorporate 1 or more nonprofit housing corporations for 1 or more of the following purposes:

(a) Owning, holding, maintaining, improving, completing, receiving subsidy payments for, or transferring ownership of a housing project or housing unit either acquired through foreclosure or deed in lieu of foreclosure or over which the authority has, following a declaration of default, otherwise obtained control.

(b) Acquiring housing projects or an interest in the ownership of 1 or more housing projects and owning, holding, maintaining, or improving the housing projects, if regulatory or contractual restrictions assuring occupancy of some or all of the units in 1 or more of the housing projects by families and persons of low or moderate income are subject to termination within a 2-year period following the acquisition of the housing project. A nonprofit housing corporation incorporated under this subsection may acquire a housing project only if all of the following requirements are met:

(i) At least 6 months have passed since the eighteenth anniversary of the commencement of amortization of the project's permanent mortgage loan on the housing project.

(ii) The authority by resolution determines all of the following:

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

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

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

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

(c) Carrying out programs and oversight responsibilities on behalf of or in conjunction with the United States department of housing and urban development with respect to federal housing programs.

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

(3) A subsidiary nonprofit housing corporation is a separate legal entity. The authority is not liable for the debts or obligations or for any actions or inactions of the subsidiary nonprofit housing corporation unless it expressly agrees otherwise. A member, officer, or employee of a subsidiary nonprofit housing corporation is not individually liable for actions undertaken or failure to act on behalf of the subsidiary nonprofit housing corporation so long as the individual is acting or reasonably believes he or she is acting within the scope of his or her authority as a member, officer, or employee of the subsidiary nonprofit housing corporation.

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

**History:** Add. 1987, Act 180, Imd. Eff. Nov. 25, 1987;—Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991;—Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993;—Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996;—Am. 2000, Act 257, Imd. Eff. June 29, 2000.