

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

125.1444b Loans to mortgage lenders; authorized purchases and commitments; requirements and conditions; report.

Sec. 44b. (1) The authority may make and contract to make loans to mortgage lenders, and may purchase and enter into commitments for the purchase of securities, certificates of deposit, time deposits, or mortgage loans from mortgage lenders, on terms and conditions it determines are reasonably related to protecting the security of the authority's investment and to implementing the purposes of financing housing projects. Mortgage lenders are authorized to borrow from the authority pursuant to this section.

(2) The authority shall require as a condition of a loan to a mortgage lender that, within a reasonable period after receipt of the loan proceeds as the authority determines, the mortgage lender enter into written commitments to make new mortgage or secured loans and, within a reasonable period after entering into those commitments as the authority determines, disburse the loan proceeds in new mortgage or secured loans to borrowers eligible under this act in an aggregate principal amount of not less than the amount of the loan to the mortgage lender.

(3) To assure compliance with this section, the authority, through its members, employees, or agents, may inspect the books and records of a mortgage lender. As a condition of a loan to a mortgage lender, the authority may require agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority.

(4) The authority shall require that a mortgage lender receiving a loan pursuant to this section shall issue and deliver to the authority evidence of its indebtedness to the authority which evidence shall constitute a general obligation of the mortgage lender and shall bear a date, mature at a time, be subject to prepayment, and contain other provisions consistent with this section and related to protecting the security of the authority's investment, as the authority determines.

(5) The authority may require that the interest rate and other terms of loans to mortgage lenders made from the proceeds of an issue of bonds or notes of the authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due. In addition, the authority may require that loans to mortgage lenders are additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security by special escrow funds or other forms of guarantees and in amounts and forms as the authority determines by resolution to be necessary to assure the payment of the loans and the interest as they become due.

(6) The authority may establish additional requirements it considers necessary with respect to the pledging, assigning, setting aside, or holding of collateral; the making of substitutions for or additions to the collateral; and the disposition of income and receipts from the collateral.

(7) The authority may require as a condition of a loan to a mortgage lender any representations and warranties it determines are necessary to secure the loans and carry out the purposes of this section.

(8) The authority may make loans to mortgage lenders under this section to finance loans for the construction of housing projects or rehabilitation of existing structures for housing projects and for social, recreational, commercial, or communal facilities necessary to serve and improve the residential area in which a housing project is located or is planned to be located thereby enhancing the viability of such housing project.

(9) The authority shall require that any housing project assisted under this section comply with the income limitations established under section 44, 44a, or 44c together with any additional income limitations required to maintain the tax exemption of notes or bonds issued to provide the financing.

(10) The authority may require additional conditions regarding the planning, development, and management of projects to be financed by the mortgage lender from the proceeds of the authority notes or bonds and may provide for the disposition of the property and franchises of the borrower.

(11) The authority shall submit a report to the governor and the legislature on its progress in implementing loans to mortgage lenders pursuant to section 44b at 6-month intervals from the effective date of this subsection.

History: Add. 1984, Act 215, Imd. Eff. July 10, 1984.