

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

CHAPTER 7

125.1491 Limited dividend housing association; approval; membership.

Sec. 91. Limited dividend housing association includes general or limited partnerships, limited liability companies, joint ventures, or trusts, as any such entities shall be approved by resolution of the authority. Members of a limited dividend housing association shall include each and all persons with a legal or beneficial interest of any kind in a limited dividend housing association or its assets.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970;—Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996.

Compiler's note: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1492 Association name.

Sec. 92. The term "limited dividend housing association" shall be included as part of the name of any limited dividend housing association.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970.

125.1493 Limited dividend housing association; provisions of partnership agreement, joint venture agreement, trust agreement, or other document of basic organization.

Sec. 93. In addition to other requirements of law, the partnership agreement, joint venture agreement, trust agreement, or other document of basic organization of the limited dividend housing association shall provide all of the following:

(a) That the limited dividend housing association has been organized exclusively to provide housing facilities for persons of low and moderate income, or for persons whose income does not exceed limits established in this act, and for social, recreational, commercial, and communal facilities as may be necessary to serve and improve a residential area in which authority-aided or federally-aided housing is located or is planned to be located, thereby enhancing the viability of such housing.

(b) That every member of a limited dividend housing association shall be deemed, by acceptance of a beneficial interest in the limited dividend housing association or by executing the document of basic organization, to have agreed that he or she at no time shall receive from the limited dividend housing association any return in excess of the face value of the investment attributable to his or her respective interest plus cumulative dividend payments at a rate which the authority determines to be reasonable and proper, computed from the initial date on which money was paid or property delivered in consideration for the interest; and that upon the dissolution of the limited dividend housing association, any surplus in excess of those amounts shall be paid to the authority or to any other regulating governmental body as the authority directs.

(c) That the operations of the limited dividend housing association may be supervised by the authority or by any other governmental body as the authority directs, and that the limited dividend housing association shall enter into agreements with the authority or with the governmental body as the authority from time to time requires. The agreements shall provide for regulation by the authority or the governmental body of the planning, development, and management of any housing project undertaken by the limited dividend housing association and the disposition of the property and franchises of the limited dividend housing association.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970;—Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977;—Am. 1979, Act 49, Imd. Eff. July 7, 1979;—Am. 1984, Act 215, Imd. Eff. July 10, 1984.

125.1494 Surplus; definition.

Sec. 94. As used in this chapter, the term "surplus" shall not be deemed to include any increase in assets of any limited dividend housing association organized in accordance with the provisions of this chapter, by reason of reduction of mortgage, by amortization or similar payments or realized from the sale or disposition of any assets of a limited dividend housing association to the extent such surplus can be attributed to any increase in market value of any real property or tangible personal property accruing during the period the assets were owned and held by the limited dividend housing association.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970.

125.1495 Managing agent; power of authority.

Sec. 95. The partnership agreement, joint venture agreement, trust agreement or other document of basic organization, as the case may be, shall provide that the authority shall have the power to appoint a managing

agent of the limited dividend housing association and its members, who may be an officer, employee, or agent of the authority, and said managing agent shall have complete power to act as agent and attorney in fact for the limited dividend housing association and its members, in connection with any asset or liability of the limited dividend housing association, to fulfill any obligations the limited dividend housing association may have the authority, if:

(a) The limited dividend housing association has received a loan or advance as provided for in this act and the authority determines that the loan or advance is in jeopardy of not being repaid.

(b) The limited dividend housing association has received a loan or advance as provided for in this act and the authority determines that the proposed housing project for which the loan or advance was made is in jeopardy of not being constructed.

(c) The authority determines that some part of the net income or net earnings of the limited dividend housing association, in excess of that permitted by other provisions of this act, shall inure to the benefit of any private individual, firm, corporation, partnership, trust or association.

(d) The authority determines that the limited dividend housing association is in violation of the rules promulgated under section 22.

(e) The authority determines that the limited dividend housing association is in violation of any agreements entered into with the authority providing for regulation by the authority of the planning, development and management of any housing project undertaken by the limited dividend housing association or the disposition of the property and franchises of such limited dividend housing association.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970.

Compiler's note: The phrase "may have the authority, if:" in the last sentence of the first paragraph of this section should evidently read "may have the authority, if any one of the following occurs:".

Administrative rules: R 125.101 et seq. of the Michigan Administrative Code.

125.1496 Basic organization document; approval.

Sec. 96. Before any limited dividend housing association can receive any benefits as a result of qualifying under this act, the authority must approve the terms of the partnership agreement, joint venture agreement, trust agreement or other document of basic organization.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970.