



HOUSE BILL No. 4810

May 25, 1993, Introduced by Reps. Hill, Vorva, London, Bankes, Jersevic, Rivers, Agee, Gire, Points, Dobronski, Kukuk, Varga and Wetters and referred to the Committee on Housing and Urban Affairs.

A bill to amend sections 11, 22, 22b, 22c, 25, 27, 32a, 44, 44c, 45, and 46 of Act No. 346 of the Public Acts of 1966, entitled as amended

"State housing development authority act of 1966,"

section 11 as amended by Act No. 281 of the Public Acts of 1989, sections 22, 22c, 44, and 44c as amended by Act No. 138 of the Public Acts of 1991, sections 22b, 25, and 32a as amended by Act No. 137 of the Public Acts of 1991, section 27 as amended by Act No. 215 of the Public Acts of 1984, and section 46 as amended by Act No. 183 of the Public Acts of 1985, being sections 125.1411, 125.1422, 125.1422b, 125.1422c, 125.1425, 125.1427, 125.1432a, 125.1444, 125.1444c, 125.1445, and 125.1446 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 11, 22, 22b, 22c, 25, 27, 32a, 44, 44c,
2 45, and 46 of Act No. 346 of the Public Acts of 1966, section 11
3 as amended by Act No. 281 of the Public Acts of 1989,
4 sections 22, 22c, 44, and 44c as amended by Act No. 138 of the
5 Public Acts of 1991, sections 22b, 25, and 32a as amended by Act
6 No. 137 of the Public Acts of 1991, section 27 as amended by Act
7 No. 215 of the Public Acts of 1984, and section 46 as amended by
8 Act No. 183 of the Public Acts of 1985, being sections 125.1411,
9 125.1422, 125.1422b, 125.1422c, 125.1425, 125.1427, 125.1432a,
10 125.1444, 125.1444c, 125.1445, and 125.1446 of the Michigan
11 Compiled Laws, are amended 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) ~~(iv)~~ A mortgage receiving special benefits under other
22 federal 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 ~~as~~ THAT the authority finds necessary to serve and
3 improve a residential area in which housing pursuant to subpara-
4 graph (i) or (ii) is located or is planned to be located, thereby
5 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 the corporation laws of this
25 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 ~~family in which the head of the~~
14 SINGLE PERSON WHO IS 55 YEARS OF AGE OR OLDER OR A household ~~is~~
15 ~~62~~ IN WHICH AT LEAST 1 MEMBER IS 55 years of age or older ~~or a~~
16 ~~single person who is 62~~ AND ALL OTHER MEMBERS ARE 50 years of
17 age or older.

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

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

1 (r) "Residential real property" means real property located
2 in this state, used for residential purposes, and improved or to
3 be improved by a residential structure. Residential real prop-
4 erty includes a mobile home, a mobile home park, and a mobile
5 home condominium project. When the terms "rehabilitate" or
6 "rehabilitation" are used in conjunction with residential real
7 property, residential real property refers to property improved
8 by a residential structure.

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

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

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

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

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

1 (B) That approval of elimination of income limits applicable
2 in connection with authority loans has been received from the
3 city in the form of either a resolution adopted by the highest
4 legislative body of the city or, if the city charter provides for
5 the mayor to be elected at large with that office specifically
6 designated on the ballot, provides that the office of mayor is a
7 full-time position, and provides that the mayor has the power to
8 veto legislative actions of the legislative body of that city, a
9 written communication from the mayor of that city.

10 (ii) A municipality that meets all of the following
11 requirements:

12 (A) The municipality shows a negative population change from
13 1970 to the date of the most recent federal decennial census.

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

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

20 ~~(D) The municipality is eligible for the federal urban~~
21 ~~development action grant program pursuant to section 119 of the~~
22 ~~housing and community development act of 1974, 42 U.S.C. 5318.~~

23 (D) ~~(E)~~ The municipality has had an unemployment rate
24 higher than the statewide average unemployment rate for 3 of the
25 preceding 5 years.

26 (iii) ~~An area in a city with a population of more than~~
27 ~~20,000 which area is within the boundaries of a downtown~~

~~1 development authority established under Act No. 197 of the Public~~
~~2 Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan~~
~~3 Compiled Laws, as those boundaries were constituted on May 1,~~
~~4 1984.~~ AN AREA LOCATED IN A LOCAL UNIT OF GOVERNMENT CERTIFIED BY
5 THE MICHIGAN ENTERPRISE ZONE AUTHORITY AS MEETING THE CRITERIA
6 PRESCRIBED IN SECTION 2(D) OF THE NEIGHBORHOOD ENTERPRISE ZONE
7 ACT, ACT NO. 147 OF THE PUBLIC ACTS OF 1992, BEING SECTION
8 207.772 OF THE MICHIGAN COMPILED LAWS.

9 (v) "Mobile home" means a structure, transportable in 1 or
10 more sections, that is built on a chassis and is designed to be
11 used as a dwelling with or without permanent foundation, when
12 connected to the required utilities, and includes the plumbing,
13 heating, air conditioning, and electrical systems contained in
14 the structure. Mobile home may, but need not, include the real
15 property to which the mobile home may be attached. Mobile home
16 does not include a recreational vehicle.

17 (w) "Mobile home condominium project" means a condominium
18 project in which mobile homes are intended to be located upon
19 separate sites that constitute individual condominium units and
20 which complies with the condominium act, Act No. 59 of the Public
21 Acts of 1978, as amended, being sections 559.101 to 559.275 of
22 the Michigan Compiled Laws.

23 (x) "Mobile home park" means a parcel or tract of land under
24 the control of a person or entity upon which 3 or more mobile
25 homes are located on a continual, nonrecreational, residential
26 basis and that is offered to the public for general public use
27 for continual, nonrecreational, residential purposes regardless

1 of whether a charge is made ~~therefor~~ FOR THAT USE, together
2 with any social, recreational, commercial, and communal facili-
3 ties used or intended for use incident to the occupancy of a
4 mobile home. Mobile home park does not include trailer parks and
5 courts for use on a transient basis.

6 (y) "Mobile home park association" means a mobile home park
7 association organized and qualified pursuant to chapter 9.

8 (z) "Mobile home park corporation" means a corporation
9 incorporated pursuant to the corporation laws of this state and
10 qualified pursuant to chapter 8.

11 (aa) "Housing unit" means living accommodations that are
12 intended for occupancy by a single family, THAT MAY BE SITE CON-
13 STRUCTED OR MAY BE A MOBILE HOME OR OTHER FORM OF MANUFACTURED
14 HOUSING, and with respect to which either of the following
15 applies:

16 (i) The occupant owns the housing unit.

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

19 ~~A housing unit may be site constructed or may be a mobile home or~~
20 ~~other form of manufactured housing.~~

21 (bb) "Moderate cost residential rental property" means
22 dwelling units for which the rental payment is equal to or less
23 than that established from time to time as the fair market rents
24 for existing housing pursuant to 1 of the following:

25 (i) The section 8 leased housing program established under
26 section 8 of the United States housing act of 1937,

1 42 U.S.C. 1437f, and the regulations promulgated under that act,
2 or a substantially equivalent successor federal program.

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

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

9 (dd) "Mortgage lender" means a state or national bank, state
10 or federal savings and loan association, mortgage company, insur-
11 ance company, ~~any~~ state pension fund, or any other financial
12 institution, intermediary, or entity authorized to make mortgage
13 loans in this state.

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

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

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

25 (hh) "Statewide median gross income" means the statewide
26 median gross income as determined under section 143(f) of the
27 internal revenue code.

1 (ii) "Mutual housing association" means a corporation
2 organized in accordance with chapter 10.

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

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

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

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

25 (d) To survey and investigate housing conditions and needs,
26 both urban and rural, throughout this state and make
27 recommendations to the governor and the legislature regarding

1 legislation and other measures necessary or advisable to
2 alleviate any existing housing shortage in this state.

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

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

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

24 (h) To engage and encourage research in, and to formulate
25 demonstration projects to develop, new and better techniques and
26 methods for increasing the supply of housing for persons eligible
27 for assistance as provided in this act; and to provide technical

1 assistance in the development of housing projects and in the
2 development of programs to improve the quality of life for all
3 the people of this state.

4 (i) To make or purchase loans, including loans for condomin-
5 ium units as defined in section 4 of the condominium act, Act
6 No. 59 of the Public Acts of 1978, being section 559.104 of the
7 Michigan Compiled Laws, and including loans to mortgage lenders,
8 which are unsecured or the repayments of which are secured by
9 mortgages, security interests, or other forms of security; to
10 purchase and enter into commitments for the purchase of securi-
11 ties, certificates of deposits, time deposits, or mortgage loans
12 from mortgage lenders; to participate in the making or purchasing
13 of unsecured or secured loans and undertake commitments to make
14 or purchase unsecured or secured loans; to sell mortgages, secur-
15 ity interests, notes, and other instruments or obligations evi-
16 dencing or securing loans, including certificates evidencing
17 interests in 1 or more loans, at public or private sale; in con-
18 nection with the sale of an instrument or obligation evidencing
19 or securing 1 or more loans, to service, guarantee payment on, or
20 repurchase the instrument or obligation, whether or not it is in
21 default; to modify or alter mortgages and security interests; to
22 foreclose on any mortgage, security interest, or other form of
23 security; to finance housing units; to commence an action to pro-
24 tect or enforce a right conferred upon the authority by law,
25 mortgage, security agreement, contract, or other agreement; to
26 bid for and purchase property that was the subject of the
27 mortgage, security interest, or other form of security, at a

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

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

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

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

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

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

21 (o) To promulgate rules necessary to carry out the purposes
22 of this act and to exercise the powers expressly granted in this
23 act pursuant to the administrative procedures act of 1969, Act
24 No. 306 of the Public Acts of 1969, as amended, being sections
25 24.201 to 24.328 of the Michigan Compiled Laws.

26 (p) To enter into agreements with nonprofit housing
27 corporations, consumer housing cooperatives, limited dividend

1 housing corporations, mobile home park corporations, and mobile
2 home park associations that provide for regulation by the author-
3 ity of the planning, development, and management of any housing
4 project undertaken by nonprofit housing corporations, consumer
5 housing cooperatives, limited dividend housing corporations,
6 mobile home park corporations, and mobile home park associations
7 and which provide for the disposition of the property and fran-
8 chises of those corporations, cooperatives, and associations.

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

23 (i) The nonprofit housing corporation, consumer housing
24 cooperative, limited dividend housing corporation, mobile home
25 park corporation, or mobile home park association has received a
26 loan or advance, as provided for in this act, and the authority

1 determines that the loan or advance is in jeopardy of not being
2 repaid.

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

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

21 (iv) The authority determines that the nonprofit corporation
22 or consumer housing cooperative is in some manner controlled by,
23 under the direction of, or acting in the substantial interest of
24 a private individual, firm, corporation, partnership, or associa-
25 tion seeking to derive benefit or gain from, or seeking to elimi-
26 nate or minimize losses in any dealings or transactions with, the
27 nonprofit corporation or consumer housing cooperative. However,

1 this subparagraph shall apply to individual cooperators in
2 consumer housing cooperatives only in circumstances defined by
3 the authority in its rules.

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

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

20 (r) To give approval or consent to the articles of incorpo-
21 ration submitted to the authority by a corporation seeking
22 approval as a nonprofit housing corporation, consumer housing
23 cooperative, limited dividend housing corporation, or mobile home
24 park corporation under chapter 4, 5, 6, or 8; to give approval or
25 consent to the partnership agreement, joint venture agreement,
26 trust agreement, or other document of basic organization of a

1 limited dividend housing association under chapter 7 or mobile
2 home park association under chapter 9.

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

6 (t) To lease real or personal property and to accept federal
7 funds for, and participate in, federal programs of housing
8 assistance.

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

15 (v) To set forth in the various loan documents of the
16 authority those restrictions on the sale, conveyance by land con-
17 tract, or transfer of residential real property, housing
18 projects, or housing units for which a note is held by the
19 authority and restrictions on the assumption by subsequent pur-
20 chasers of loans originated by and held by, or originated for
21 purchase by and held by, the authority as the authority deter-
22 mines to be necessary in order to comply with requirements of
23 federal statutes, federal rules or regulations promulgated pursu-
24 ant to 5 U.S.C. 551 to 559, state statutes, or state rules
25 promulgated pursuant to Act No. 306 of the Public Acts of 1969,
26 as amended, or to obtain and maintain the tax exempt status of
27 authority bonds and notes. However, the authority shall not use

1 a due on sale or acceleration clause solely for the purpose of
2 renegotiating the interest rate on a loan made with respect to an
3 owner-occupied single-family housing unit. Without limiting the
4 authority's power to establish other restrictions, as provided in
5 this section, on the sale, conveyance by land contract, or trans-
6 fer of residential real property, housing projects, or housing
7 units for which a note is held by the authority and the assump-
8 tion by subsequent purchasers of loans made or purchased by the
9 authority, the authority shall provide in its loan documents
10 relating to a single family loan that the single family loan may
11 be assumed by a new purchaser only when the new purchaser quali-
12 fies under the authority income limitations rules except where
13 such a restriction diminishes or precludes the insurance or a
14 guarantee by an agency of the federal government with respect to
15 the single family loan. A loan made for a mobile home that the
16 borrower does not intend to permanently affix to real property
17 shall become immediately due and payable in the event the mobile
18 home is moved out of the state. Any restrictions on conveyance
19 by sale, conveyance by land contract, or transfer that are autho-
20 rized in this section shall apply only to loans originated by and
21 held by, or originated for purchase by and held by, the authority
22 and may, at the option of the authority, be enforced by acceler-
23 ating and declaring immediately due and payable all sums evi-
24 denced by the note held by the authority. An acceleration and
25 declaration of all sums to be due and payable on conveyance by
26 sale, land contract, or transfer is not an unreasonable restraint
27 on alienation. An acceleration and declaration, unless otherwise

1 prohibited in this subdivision, of all sums to be due and payable
2 pursuant to this subdivision is enforceable in any court of com-
3 petent jurisdiction. This subdivision is applicable to secured
4 and unsecured loans. This subdivision is also applicable to loan
5 documents utilized in conjunction with an authority-operated pro-
6 gram of residential rehabilitation by an entity cooperating or
7 participating with the authority pursuant to section 22a(4),
8 which loans are originated with the intent to sell those loans to
9 the authority.

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

24 (x) To collect interest on a real estate loan, the primary
25 security for which is not a first lien on real estate, at the
26 rate of 15% or less per annum on the unpaid balance. This

1 subdivision does not impair the validity of a transaction or rate
2 of interest that is lawful without regard to this subdivision.

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

6 (z) To verify for the state treasurer statements submitted
7 by a city, village, township, or county as to exempt properties
8 pursuant to section 7d of the general property tax act, Act
9 No. 206 of the Public Acts of 1893, being section 211.7d of the
10 Michigan Compiled Laws.

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

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

26 (cc) Subject to rules of the civil service commission, to
27 adopt a code of ethics with respect to its employees that

1 requires disclosure of financial interests, defines and precludes
2 conflicts of interest, and establishes reasonable post-employment
3 restrictions for a period of up to 1 year after an employee ter-
4 minates employment with the authority.

5 (dd) To impose covenants running with the land in order to
6 satisfy requirements of applicable federal law with respect to
7 housing assisted or to be assisted ~~by the federal~~ THROUGH FED-
8 ERAL PROGRAMS SUCH AS THE low income housing tax credit program
9 ~~OR~~ OR THE HOME INVESTMENT PARTNERSHIPS PROGRAM by executing and
10 recording regulatory agreements between the authority OR SUCH
11 MUNICIPALITY OR OTHER ENTITY AS MAY BE DESIGNATED BY THE
12 AUTHORITY and the person or entity to be bound. These covenants
13 shall run with the land and be effective with respect to the par-
14 ties making the covenants and other intended beneficiaries of the
15 covenants, even though there is no privity of estate or privity
16 of contract as between the authority and the persons or entities
17 to be bound.

18 (ee) To impose covenants running with the land in order to
19 satisfy requirements of applicable state or federal law with
20 respect to housing financed by the authority by executing and
21 recording regulatory agreements between the authority and the
22 person or entity to be bound. These covenants shall run with the
23 land and be effective with respect to the parties making the cov-
24 enants and other intended beneficiaries of the covenants, even
25 though there is no privity of estate or privity of contract as
26 between the authority and the persons or entities to be bound.
27 With respect to the application of any applicable environmental

1 laws, this subdivision shall not be construed to grant to the
2 authority any additional rights, privileges, or immunities not
3 otherwise afforded to a private lender that is not in the chain
4 of title for the land.

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

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

26 (i) The return on the mortgage loan is approximately
27 equivalent to that which could be obtained from investments of

1 substantially similar credit quality and maturity, as determined
2 by the authority.

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

15 (HH) TO ACQUIRE, DEVELOP, REHABILITATE, OWN, OPERATE, AND
16 ENTER INTO CONTRACTS WITH RESPECT TO THE MANAGEMENT AND OPERATION
17 OF REAL AND PERSONAL PROPERTY TO USE AS OFFICE FACILITIES BY THE
18 AUTHORITY AND TO ENTER INTO LEASES WITH RESPECT TO FACILITIES NOT
19 IMMEDIATELY NECESSARY FOR THE ACTIVITIES OF THE AUTHORITY.

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

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

1 (a) One dollar and twenty-five cents multiplied by the
2 state's population, unless a different amount is authorized by
3 section 42 of the internal revenue code. The state's population
4 shall be determined by the most recent census estimates of the
5 state's population published by the United States bureau of
6 census before the beginning of the calendar year or by another
7 method as authorized by the internal revenue code.

8 (b) The unused state housing credit ceiling, if any, of the
9 state for the preceding calendar year, for years subsequent to
10 1989.

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

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

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

22 (4) ~~Before November 1, 1993, the~~ THE state's low income
23 housing tax credit is allocable pursuant to a qualified alloca-
24 tion plan prepared by the authority, submitted to the legisla-
25 ture, and approved by the governor after notice to the public and
26 public hearing. The plan shall set forth criteria to be used to
27 determine housing priorities of the state, and shall give the

1 highest priority to those projects in which the highest
2 percentage of the housing credit dollar amount is to be used for
3 project costs other than the cost of intermediaries, unless
4 granting such priority would impede the development of projects
5 in hard-to-develop areas. In allocating low income housing tax
6 credit dollar amounts among selected projects, the allocation
7 plan shall give preference to projects serving the lowest income
8 tenants and projects obligated to serve qualified tenants for the
9 longest periods, and shall provide a procedure that the authority
10 will follow in notifying the internal revenue service of noncom-
11 pliance with the provisions of section 42 of the internal revenue
12 code of which the authority becomes aware. The plan shall set
13 forth the process for selecting eligible projects and may be
14 amended from time to time pursuant to its terms and the require-
15 ments of section 42 of the internal revenue code. The selection
16 criteria in the qualified allocation plan shall include those set
17 forth in section 42 of the internal revenue code.

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

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

24 (b) Farmers home 515 projects - not less than 10%.

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

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

4 (6) Except for the amount for qualified nonprofit organi-
5 zations, if the low income housing tax credit set aside under
6 subsection (5) is not allocated before November 1 of the year in
7 which that credit amount is authorized under subsection (2)(a),
8 the authority may reapportion the unallocated credit amounts in a
9 reasonable manner pursuant to the state's qualified allocation
10 plan.

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

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

17 Sec. 22c. (1) The authority may incorporate 1 or more non-
18 profit housing corporations for the purposes of owning, holding,
19 maintaining, improving, completing, receiving subsidy payments
20 for, or transferring ownership of a housing project or housing
21 unit either acquired through foreclosure or deed in lieu of fore-
22 closure or over which the authority has, following a declaration
23 of default, otherwise obtained control. Until November 1, ~~1993~~
24 1997, in order to preserve housing for low and moderate income
25 persons, the authority may also incorporate or cause the incorpo-
26 ration of 1 or more nonprofit housing corporations for the
27 purpose of acquiring housing projects or an interest in the

1 ownership of 1 or more housing projects and owning, holding,
2 maintaining, or improving the housing projects, if regulatory or
3 contractual restrictions assuring occupancy of some or all of the
4 units in 1 or more of the housing projects by families and per-
5 sons of low or moderate income are subject to termination within
6 a 2-year period following the acquisition of the housing
7 project. A nonprofit housing corporation incorporated pursuant
8 to this subsection may acquire a housing project only if all of
9 the following requirements are met:

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

13 (b) The authority by resolution determines all of the
14 following:

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

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

24 (iii) No local or statewide nonprofit housing corporation
25 that the authority determines to have the legal, financial, and
26 managerial capabilities to acquire the project has submitted to

1 the housing project owners an acquisition proposal with respect
2 to which negotiations are ongoing.

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

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

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

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

26 Sec. 25. (1) The authority may issue its negotiable bonds
27 and notes in a principal amount, which in the opinion of the

1 authority shall be necessary to provide sufficient funds for
2 achieving its corporate purposes, including the making of loans
3 for housing projects and the making or purchasing of loans for
4 the rehabilitation of residential real property, the provision of
5 money for the land acquisition and development fund as provided
6 in this act, the payment of interest on bonds and notes of the
7 authority during construction, the establishment of reserves to
8 secure bonds and notes, the provision of money for the housing
9 development fund in order to make noninterest bearing advances to
10 nonprofit housing corporations and consumer housing cooperatives
11 as provided in this act, the provision of money to be used for
12 the land acquisition and development powers and purposes of the
13 authority, THE DEVELOPMENT, REHABILITATION, OR ACQUISITION OF
14 REAL AND PERSONAL PROPERTY FOR USE AS OFFICE FACILITIES BY THE
15 AUTHORITY, and all other expenditures of the authority incident
16 to and necessary or convenient to carry out its corporate pur-
17 poses and powers.

18 (2) The authority may issue renewal notes, issue bonds to
19 pay notes, and when it determines refunding expedient, refund
20 bonds by the issuance of new bonds, whether the bonds to be
21 refunded have or have not matured, and issue bonds partly to
22 refund bonds then outstanding and partly for any other purpose.
23 The refunding bonds shall be sold and the proceeds applied to the
24 purchase, redemption, or payment of the bonds to be refunded.
25 THE AUTHORITY MAY ISSUE INSTRUMENTS SEPARATE FROM THE OBLIGATIONS
26 DESCRIBED IN THIS SECTION THAT ESTABLISH A CONTRACTUAL RIGHT IN
27 THE HOLDER OF THE INSTRUMENT TO REQUIRE MANDATORY TENDER FOR

1 PURCHASE OF THE OBLIGATIONS TO WHICH THE INSTRUMENT APPLIES FOR
2 SUCH PERIOD OF TIME AND SUBJECT TO SUCH PROVISIONS AS THE AUTHOR-
3 ITY MAY DETERMINE.

4 (3) Except as may otherwise be expressly provided by the
5 authority, every issue of its notes or bonds shall be general
6 obligations of the authority payable out of revenues or money of
7 the authority, subject only to agreements with the holders of
8 particular notes or bonds pledging any particular receipts or
9 revenues.

10 (4) Whether or not the notes or bonds are of a form or char-
11 acter as to be negotiable instruments under the uniform commer-
12 cial code, the notes or bonds shall be and are hereby made nego-
13 tiable instruments within the meaning of and for all the purposes
14 of the uniform commercial code, subject only to the provisions of
15 the notes or bonds for registration.

16 (5) Unless an exception is available pursuant to subsection
17 (6), a bond issued by the authority shall be approved by the
18 municipal finance commission or its successor agency but, except
19 as provided by subsection (6), shall not otherwise be subject to
20 THE MUNICIPAL FINANCE ACT, Act No. 202 of the Public Acts of
21 1943, as amended, being sections 131.1 to 139.3 of the Michigan
22 Compiled Laws.

23 (6) The requirement of subsection (5) for obtaining the
24 prior approval of the municipal finance commission or its succes-
25 sor agency before issuing bonds under this section shall be
26 subject to sections 10 and 11 of chapter III of Act No. 202 of
27 the Public Acts of 1943, being sections 133.10 and 133.11 of the

1 Michigan Compiled Laws, and the department of treasury shall have
2 the same authority as provided by section 11 of chapter III of
3 Act No. 202 of the Public Acts of 1943 to issue an order provid-
4 ing or denying an exception from the prior approval required by
5 subsection (5) for bonds authorized by this section.

6 Sec. 27. Any resolution authorizing any notes or bonds or
7 any issue of notes or bonds may contain provisions, which shall
8 be a part of the contract with the holders of the notes or bonds,
9 as to:

10 (a) Pledging all or any part of the fees and charges made or
11 received by the authority, and all or any part of the money
12 received in payment of mortgage loans and interest on mortgage
13 loans, and other money received or to be received, to secure the
14 payment of the notes or bonds or of any issue of notes or bonds,
15 and subject to such agreements with bondholders or noteholders as
16 may then exist.

17 (b) Pledging all or any part of the assets of the authority,
18 including mortgages and obligations securing the assets, to
19 secure the payment of the notes or bonds or of any issue of notes
20 or bonds, subject to such agreements with noteholders or bond-
21 holders as may then exist.

22 (c) Pledging of any loan, grant, or contribution from the
23 federal, state, or local government, or source in aid of such
24 development as provided for in this act.

25 (d) The use and disposition of the gross income from mort-
26 gages owned by the authority and payment of principal of
27 mortgages owned by the authority.

1 (e) The setting aside of reserves or sinking funds and the
2 regulation and disposition of reserves or sinking funds.

3 (f) Limitations on the purpose to which the proceeds of sale
4 of notes or bonds may be applied and pledging such proceeds to
5 secure the payment of the notes or bonds or of any issue of notes
6 or bonds.

7 (g) Limitations on the issuance of additional notes or
8 bonds; the terms upon which additional notes or bonds may be
9 issued and secured; and the refunding of outstanding or other
10 notes or bonds.

11 (h) The procedure, if any, by which the terms of any con-
12 tract with noteholders or bondholders may be amended or abro-
13 gated, the amount of notes or bonds the holders of which must
14 consent ~~thereto,~~ TO THE AMENDMENT OR ABROGATION and the manner
15 in which such consent may be given.

16 (i) Vesting in a trustee or trustees such property, rights,
17 powers, and duties in trust as the authority may determine, which
18 may include any or all of the rights, powers, and duties of the
19 trustee appointed by the bondholders pursuant to this act and
20 limiting or abrogating the right of the bondholders to appoint a
21 trustee under this section or limiting the rights, powers, and
22 duties of such trustee.

23 (J) ESTABLISHING A CONTRACTUAL RIGHT TO REQUIRE MANDATORY
24 TENDER FOR PURCHASE OF THE NOTES OR BONDS IN AN INSTRUMENT SEPA-
25 RATE FROM THE NOTES OR BONDS, WHICH INSTRUMENT MAY BE ISSUED OR
26 SOLD BY THE AUTHORITY TO INVESTORS IN SUCH INSTRUMENTS.

1 (K) ~~(j)~~ Any other matters, of like or different character,
 2 which in any way affect the security or protection of the notes
 3 or bonds.

4 (L) ~~(k)~~ Delegating to an officer or other employee of the
 5 authority, or an agent designated by the authority, the power to
 6 cause the issue, and sale and delivery, of the notes or bonds
 7 within limits on those notes or bonds established by the author-
 8 ity as to any of the following:

- 9 (i) The form.
- 10 (ii) The maximum interest rate or rates.
- 11 (iii) The maturity date or dates.
- 12 (iv) The purchase price.
- 13 (v) The denominations.
- 14 (vi) The redemption premiums.
- 15 (vii) The nature of the security.
- 16 (viii) The selection of the applicable interest rate index.
- 17 (ix) Other terms and conditions with respect to issuance of
 18 the notes or bonds as the authority shall prescribe.

19 Sec. 32a. (1) The ~~-\$1,600,000,000.00 increase~~
 20 \$2,400,000,000.00 INCREASES in debt capacity of the authority
 21 authorized after July 9, 1984 shall be subject to the following
 22 limitations:

23 (a) Not more than ~~-\$900,000,000.00~~ \$1,300,000,000.00 shall
 24 be used to finance home improvement loans and single family
 25 homes. With respect to bonds, other than refunding bonds, issued
 26 to finance single family homes after November 1, 1989, for the
 27 first 120 days following the announcement of a program funded by

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

22 (b) Not more than ~~-\$400,000,000.00~~ \$800,000,000.00 shall be
23 used to finance multifamily housing projects under section 44c
24 and not more than 75% of this amount shall be used for housing
25 projects located in areas other than eligible distressed areas.

26 (c) Not more than \$300,000,000.00 shall be used to finance
27 multifamily housing projects exclusive of multifamily housing

1 projects financed under section 44c and not more than 50% of this
2 amount shall be used for housing projects located in areas other
3 than eligible distressed areas.

4 (2) ~~A~~ EXCEPT AS PROVIDED IN SUBSECTION (3), A note or bond
5 issued by the authority after July 9, 1984 shall be considered to
6 be issued subject to the limitations of subsection (1). After
7 the limitation set forth in subsection (1)(c) has been reached,
8 the principal amount of a note or bond issued to finance housing
9 described in subsection (1)(c) shall be applied against the debt
10 capacity that was in effect on July 9, 1984. After a limitation
11 set forth in subsection (1)(a) or (b) is reached, the authority
12 shall not issue a note or bond under the provisions of section
13 44c or 44(2)(a).

14 (3) A NOTE OR BOND ISSUED BY THE AUTHORITY UNDER SECTION 25
15 FOR THE PURPOSE OF DEVELOPING, REHABILITATING, OR ACQUIRING REAL
16 AND PERSONAL PROPERTY FOR USE BY THE AUTHORITY AS OFFICE FACILI-
17 TIES SHALL BE APPLIED AGAINST THE DEBT CAPACITY THAT WAS IN
18 EFFECT ON JULY 7, 1984.

19 Sec. 44. (1) (a) The authority may make loans to any non-
20 profit housing corporation, consumer housing cooperative, limited
21 dividend housing corporation, limited dividend housing associa-
22 tion, mobile home park corporation, or mobile home park associa-
23 tion or to any public body or agency for the construction or
24 rehabilitation, and for the long-term financing, of the
25 following:

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

1 (ii) For the period of time beginning May 1, 1984, and
2 ending November 1, 1987, housing projects in which not less than
3 20% of the dwelling units are allotted to individuals of low or
4 moderate income within the meaning of former section 103(b)(4)(A)
5 of the internal revenue code; not less than 60% of the dwelling
6 units are available to persons and families whose gross household
7 income does not exceed 125% of the higher of either the median
8 income for a family in this state or the median income for a
9 family within the nonmetropolitan county or metropolitan statis-
10 tical area in which the housing project is located, as determined
11 by the authority; and not more than 20% of the dwelling units are
12 available for occupancy without regard to income. The enactment
13 of this subparagraph or the expiration of the authority granted
14 by it shall not affect rules in effect before July 10, 1984, or
15 promulgated after July 9, 1984, to define low or moderate income
16 persons.

17 (iii) For the period of time beginning May 1, 1984, and
18 ending November 1, 1987, housing projects in eligible distressed
19 areas in which housing projects not less than 20% of the dwelling
20 units are allotted to individuals of low or moderate income
21 within the meaning of former section 103(b)(4)(A) of the internal
22 revenue code; not less than 60% of the dwelling units are avail-
23 able to persons and families whose gross household income does
24 not exceed 150% of the higher of either the median income for a
25 family in this state or the median income for a family within the
26 nonmetropolitan county or metropolitan statistical area in which
27 the housing project is located, as determined by the authority,

1 and not more than 20% of the dwelling units may be made available
2 for occupancy without regard to income.

3 (iv) For the period of time beginning November 1, 1987, and
4 ending November 1, ~~1993~~ 1997, multifamily housing projects that
5 meet the 20-50 test established in section 142 of the internal
6 revenue code and, in addition, in which not less than 15% of the
7 dwelling units are allotted to persons and families whose gross
8 household income does not exceed 125% of the higher of either the
9 median income for a family in this state or the median income for
10 a family within the nonmetropolitan county or metropolitan sta-
11 tistical area in which the housing project is located, as deter-
12 mined by the authority, or to the elderly; not less than 15% of
13 the dwelling units are allotted to persons and families whose
14 gross household income does not exceed 150% of the median income
15 for a family in this state or the median income for a family
16 within the nonmetropolitan county or metropolitan statistical
17 area in which the housing project is located, as determined by
18 the authority, or to the elderly; and not more than 50% of the
19 dwelling units are available for occupancy without regard to
20 income.

21 (v) For the period of time beginning November 1, 1987, and
22 ending November 1, ~~1993~~ 1997, multifamily housing projects in
23 eligible distressed areas that meet the 20-50 test established in
24 section 142 of the internal revenue code and, in addition, in
25 which not more than 80% of the dwelling units are available for
26 occupancy without regard to income.

1 (vi) Social, recreational, commercial, or communal
2 facilities necessary to serve and improve the residential area in
3 which an authority-financed housing project is located or is
4 planned to be located thereby enhancing the viability of such
5 housing.

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

11 (i) The owner of the housing project exercised reasonable
12 efforts to rent the dwelling units to persons and families whose
13 incomes did not exceed the income limitations originally
14 applicable.

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

19 (c) A loan under this section may be in an amount not to
20 exceed 90% of the project cost as approved by the authority. For
21 purposes of this section, the term "project cost" includes all
22 items included in the definition of a project cost in section 11
23 and also includes a builder's fee equal to an amount up to 5% of
24 the amount of the construction contract, developer overhead
25 allowance and fee of 5% of the amount of the project cost, the
26 cost of furnishings, and a sponsor's risk allowance equal to 10%
27 of the project cost. A loan shall not be made under this section

1 unless a market analysis has been conducted which demonstrates a
2 sufficient market exists for the housing project.

3 (d) After November 1, 1987, the authority may continue to
4 finance multifamily housing projects for families or persons
5 whose incomes do not exceed the limits provided in subsection
6 (1)(a)(ii) or (iii), or (1)(b), until funds derived from the pro-
7 ceeds of bonds or notes issued before November 2, 1987, for that
8 purpose, including the proceeds of prepayments or recovery pay-
9 ments with respect to these multifamily housing projects, have
10 been expended. Multifamily housing projects or single family
11 housing units in an eligible distressed area which are financed
12 by proceeds of notes or bonds issued before June 30, 1984, and
13 which the authority has designated for occupancy by persons and
14 families without regard to income pursuant to this act shall
15 remain eligible for occupancy by families and persons without
16 regard to income until the authority's mortgage loan issued with
17 respect to these multifamily housing projects is fully repaid.

18 (e) After November 1, ~~1993~~ 1997, the authority may con-
19 tinue to finance multifamily housing projects for families or
20 persons whose incomes do not exceed the limits provided in sub-
21 section (1)(a)(iv) or (v), or (1)(b), until funds derived from
22 the proceeds of bonds or notes issued before November 2, ~~1993~~
23 1997 for that purpose, including the proceeds of refunding notes
24 or bonds or prepayments or recovery payments with respect to
25 these multifamily housing projects, have been expended.

26 (f) Notwithstanding the expiration of lending authority
27 under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily

1 housing projects financed under those subparagraphs may continue
2 to remain eligible for occupancy by persons and families whose
3 incomes do not exceed the limits provided in those subparagraphs
4 or subsection (1)(b).

5 (g) For purposes of this subsection:

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

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

12 (2) (a) The authority may make loans to any nonprofit hous-
13 ing corporation, limited dividend housing corporation, mobile
14 home park corporation, or mobile home park association for the
15 construction or rehabilitation of housing units, including resi-
16 dential condominium units as defined in section 4 of the condo-
17 minium act, Act No. 59 of the Public Acts of 1978, being section
18 559.104 of the Michigan Compiled Laws, for sale to individual
19 purchasers of low or moderate income or to individual purchasers
20 without regard to income when the housing units are located in an
21 eligible distressed area. The authority may make or purchase
22 loans to individual purchasers for the long-term financing of a
23 newly rehabilitated, newly constructed, or existing housing unit,
24 including a residential condominium unit as defined in section 4
25 of Act No. 59 of the Public Acts of 1978. For a loan for a newly
26 rehabilitated or newly constructed housing unit, including a
27 residential condominium unit, the borrower's family income shall

1 not exceed ~~-\$36,500.00-~~ \$41,700.00 ON OR BEFORE NOVEMBER 1, 1995,
2 AND \$44,200.00 AFTER THAT DATE and the purchase price of the
3 housing unit shall not exceed ~~-\$80,000.00-~~ THE LESSER OF
4 \$99,000.00 OR 90% OF THE AVERAGE AREA PURCHASE PRICE FOR NEW
5 HOUSING. For unexpected cost increases during construction or
6 improvements to adapt the property for use by handicapped indi-
7 viduals, the authority may increase the purchase price limit by
8 an amount sufficient to cover those cost increases, but not to
9 exceed \$3,500.00. For a loan for an existing housing unit,
10 including a residential condominium unit, the borrower's family
11 income shall not exceed ~~-\$36,500.00-~~ \$41,700.00 ON OR BEFORE
12 NOVEMBER 1, 1995, AND \$44,200.00 AFTER THAT DATE and the purchase
13 price of the housing unit shall not exceed ~~-\$60,000.00-~~ THE
14 LESSER OF \$80,000.00 OR 90% OF THE AVERAGE AREA PURCHASE PRICE
15 FOR EXISTING HOUSING. For costs for improvements to adapt an
16 existing housing unit for use by handicapped individuals, the
17 authority may increase the purchase price limit by an amount suf-
18 ficient to cover those cost increases, but not to exceed
19 \$3,500.00. If an income or purchase price limit prescribed by
20 this subsection exceeds a limit prescribed by the internal reve-
21 nue code, the internal revenue code limit applies. Except with
22 respect to newly constructed housing units, until November 1,
23 ~~1993-~~ 1997 the authority may at any time by resolution estab-
24 lish, for any length of time it considers appropriate, maximum
25 borrower income or purchase price limits more restrictive than
26 those maximum limitations set forth in this section. The
27 authority shall advise the appropriate house and senate standing

1 committees 5 days prior to the adoption of a resolution
2 establishing more restrictive maximum borrower income or purchase
3 price limits. Before making any loan under this section, author-
4 ity staff shall determine that the borrower has the ability to
5 repay the loan. A loan made or purchased to finance the acquisi-
6 tion of an existing housing unit may include funds for
7 rehabilitation. A loan under this section may be in an amount
8 not to exceed 100% of the project cost as approved by the author-
9 ity in the case of a nonprofit housing corporation or individual
10 purchaser, and in an amount not to exceed 90% of the project cost
11 as approved by the authority in the case of a limited dividend
12 housing corporation, mobile home park corporation, or mobile home
13 park association.

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

1 (c) While a loan under this subsection is outstanding, the
2 authority, before the approval of sale by a nonprofit housing
3 corporation, limited dividend housing corporation, mobile home
4 park corporation, or mobile home park association, shall satisfy
5 itself that the sale is to persons of low or moderate income if
6 the housing unit is not located in an eligible distressed area,
7 or to persons without regard to income if the housing unit is
8 located in an eligible distressed area.

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

22 (e) The authority shall encourage nonprofit housing corpora-
23 tions and limited dividend housing corporations engaged in con-
24 struction or rehabilitation under this subsection to utilize the
25 labor of prospective individual purchasers of low or moderate
26 income in the construction or rehabilitation of the housing units
27 involved. The value of the labor of the prospective purchasers

1 so utilized shall be used to reduce the project costs of the
2 housing units involved.

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

9 (3) A loan shall be secured in a manner and be repaid in a
10 period, not exceeding 50 years, as may be determined by the
11 authority. A loan shall bear interest at a rate determined by
12 the authority.

13 (4) A person who, for purposes of securing a loan under this
14 act, misrepresents his or her income, including taking a leave of
15 absence from his or her employment for purposes of diminishing
16 his or her income, is not to be eligible for a loan under this
17 act.

18 Sec. 44c. (1) If the resolution authorizing the issuance of
19 notes or bonds provides that the notes or bonds are limited and
20 not general obligations of the authority, are not secured by the
21 capital reserve capital account, and are secured solely by reve-
22 nues and property derived from or obtained in connection with the
23 housing project, the authority shall use the proceeds of those
24 notes or bonds to make loans directly, or indirectly by a loan
25 through a mortgage lender, to a nonprofit housing corporation,
26 consumer housing cooperative, limited dividend housing
27 corporation, limited dividend housing association, mobile home

1 park corporation, mobile home park association, or public body or
2 agency for the construction, rehabilitation, long-term financing
3 or any combination of construction, rehabilitation, or long-term
4 financing of any of the following:

5 (a) Multifamily housing projects for low income or moderate
6 income persons.

7 (b) For the period of time beginning May 1, 1984, and ending
8 November 1, ~~1993~~ 1997, multifamily housing projects in which
9 not less than 20% of the dwelling units are allotted to individu-
10 als of low or moderate income within the meaning of former sec-
11 tion 103(b)(4)(A) of the internal revenue code; not less than 15%
12 of the dwelling units are allotted to persons and families whose
13 gross household income does not exceed 125% of the higher of
14 either the median income for a family in this state or the median
15 income for a family within the nonmetropolitan county or metro-
16 politan statistical area in which the housing project is located,
17 as determined by the authority, or to the elderly; not less than
18 15% of the dwelling units are allotted to persons and families
19 whose gross household income does not exceed 150% of the median
20 income for a family in this state or the median income for a
21 family within the nonmetropolitan county or metropolitan statis-
22 tical area in which the housing project is located, as determined
23 by the authority, or to the elderly; and not more than 50% of the
24 dwelling units are available for occupancy without regard to
25 income.

26 (c) For the period of time beginning May 1, 1984, and ending
27 November 1, ~~1993~~ 1997, multifamily housing projects in eligible

1 distressed areas in which not less than 20% of the dwelling units
2 are allotted to individuals of low or moderate income within the
3 meaning of former section 103(b)(4)(A) of the internal revenue
4 code and in which not more than 80% of the dwelling units are
5 available for occupancy without regard to income.

6 (d) Social, recreational, commercial, or communal facilities
7 to serve and improve the residential area in which an
8 authority-financed multifamily housing project is located or is
9 planned to be located, thereby enhancing the viability of such
10 housing.

11 (2) To qualify as rehabilitation under this section, the
12 rehabilitation expenditures with respect to the project must
13 equal or exceed 30% of the portion of the cost of acquiring the
14 building and equipment financed with the proceeds of the notes or
15 bonds issued to acquire and rehabilitate the project. For a
16 project located in an eligible distressed area, the amount of
17 rehabilitation may be less than the 30% requirement if the
18 authority determines and expresses by resolution that the likely
19 benefit to the community or the proposed residents of the project
20 merits the use of this financing source. This subsection does
21 not apply to a project for which the authority has authorized a
22 loan commitment under this section before December 18, 1985. The
23 authority shall not provide long-term financing for a project
24 under this section unless the project is constructed or rehabili-
25 tated in anticipation of authority financing, the construction or
26 rehabilitation is undertaken with authority financing, or
27 long-term financing is being provided with respect to a housing

1 project for which regulatory or contractual restrictions assuring
2 occupancy of some or all of the units by families or persons of
3 low or moderate income are subject to termination within a 2-year
4 period following the acquisition of the housing project.

5 (3) Notwithstanding the provisions of this section, the
6 authority shall establish by resolution higher income limits for
7 a housing project financed under either subsection (1)(a) or (b)
8 equal to the income limits of subsection (1)(c) if the authority
9 determines all of the following:

10 (a) The owner of the housing project exercised reasonable
11 efforts to rent the dwelling units to persons and families whose
12 incomes did not exceed the originally applicable income
13 limitations.

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

18 (4) Notwithstanding the expiration of lending authority
19 under this section, multifamily housing projects financed under
20 this section may continue to remain eligible for occupancy by
21 persons and families whose incomes do not exceed the limits pro-
22 vided in subsection (1) or (3).

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

26 (a) A description of the proposed credit enhancement. The
27 proposed credit enhancement may be in the form of a letter of

1 credit, bonding, guarantee, mortgage insurance, or other
2 appropriate security in an amount sufficient to assure the
3 authority that repayment of notes or bonds issued by the author-
4 ity is reasonably secure.

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

10 (c) An application fee equal to the greater of \$4,000.00 or
11 0.0005 multiplied by the principal amount of notes or bonds for
12 which issuance is requested. For a project located in an eligi-
13 ble distressed area, the fee required by this subdivision shall
14 be refundable if the notes or bonds are not delivered or may be
15 waived by the authority in the event the owner of the housing
16 project is or will be a ~~qualified 501(c)(3)~~ nonprofit housing
17 corporation QUALIFIED UNDER SECTION 501(c)(3) OF THE INTERNAL
18 REVENUE CODE. In all other cases the fee is nonrefundable.

19 (6) So long as there is uncommitted bonding capability under
20 the limitations of section 32a(1)(b), the authority shall issue a
21 6-month commitment to loan funds, subject to sale by the author-
22 ity of its notes and bonds in compliance with applicable law and
23 pursuant to terms and conditions which permit the funding of such
24 loan, either directly or indirectly by a loan through a mortgage
25 lender, to the borrower in the amount of the total development
26 cost of the proposed multifamily housing project or
27 \$25,000,000.00, whichever is less, or if the proposed multifamily

1 housing project is located in an eligible distressed area, in the
2 amount of the total development cost of the proposed project or
3 \$50,000,000.00, whichever is less, upon the determination by the
4 authority of all of the following:

5 (a) The housing project is eligible for financing under this
6 section.

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

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

9 (d) The borrower has provided evidence of a commitment to
10 issue a credit enhancement in the form of a letter of credit,
11 bonding, guarantee, mortgage insurance, or other appropriate
12 security in a form and amount sufficient to assure the authority
13 that the repayment of notes or bonds issued by the authority for
14 purposes of making a loan to the borrower is reasonably secure.
15 If the authority determines that repayment of the notes or bonds
16 will be reasonably secure, the authority's review of the credit
17 enhancement shall take the place of the authority's normal under-
18 writing and feasibility review.

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

21 (7) Unless a borrower is a ~~qualified 501(e)(3)~~ nonprofit
22 housing corporation QUALIFIED UNDER SECTION 501(c)(3) OF THE
23 INTERNAL REVENUE CODE, a borrower and any person who is a related
24 person to the borrower as defined in section 144(a)(3) of the
25 internal revenue code shall not have outstanding loan commitments
26 under this section which total more than the greater of
27 \$25,000,000.00 or the amount of financing approved for a single

1 project under subsection (6). Once a loan has been made under
2 this section, the commitment made with respect to the loan shall
3 no longer be considered to be outstanding.

4 (8) Simultaneously with the issuance of the loan commitment
5 by the authority, the borrower shall pay a commitment fee in the
6 amount of not more than 0.1% of the principal amount of notes or
7 bonds to be issued. The authority shall credit the amount paid
8 by the borrower as an application fee under subsection (5)
9 against this commitment fee. The authority shall extend a
10 6-month loan commitment issued under subsection (6) for an addi-
11 tional 6 months upon payment by the borrower of a nonrefundable
12 extension fee of \$5,000.00 which fee shall not be credited
13 against any other fee or payment to the authority.

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

19 (10) Except as otherwise provided in this subsection, upon
20 issuance of any notes or bonds to finance a housing project under
21 this section, the borrower shall pay at the time the notes or
22 bonds are issued, in addition to any commitment or extension fee
23 paid under subsection (8), a fee of either not more than 0.9% of
24 the principal amount of the notes or bonds for a loan made for a
25 project located in an eligible distressed area or not more than
26 1.9% of the principal amount of the notes or bonds for a loan
27 made for a project located in other than an eligible distressed

1 area. If notes or bonds have been issued under this section for
2 a project owned by the borrower located in an eligible distressed
3 area within 180 days before the issuance of notes or bonds for
4 the next project financed by that borrower, which next project is
5 located in other than an eligible distressed area, the fee under
6 this subsection shall be not more than 0.9% of the principal
7 amount of the notes or bonds. If notes or bonds have been issued
8 under this section for a project located in other than an eligi-
9 ble distressed area and the borrower has paid the 1.9% fee, the
10 authority shall not charge a fee under this subsection for the
11 next project financed by that borrower if that next project is
12 located in an eligible distressed area and if the notes or bonds
13 are issued within 180 days after the notes or bonds were issued
14 for the project located in other than an eligible distressed
15 area.

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

1 resyndication in addition to any prepayment penalty or fee owing
2 to the holders of notes or bonds issued to finance a housing
3 project under this section.

4 (12) A borrower is allowed distributions equal to a 12%
5 return on the borrower's investment in a multifamily housing
6 project financed under this section for the first 12 months of
7 operation of the housing project following substantial
8 completion. The allowable return shall be increased by 1% for
9 each 12-month period after the first 12 months. The maximum
10 allowable return for a housing project located in other than an
11 eligible distressed area is 25%. Any return less than the allow-
12 able rate in any preceding period may be received in any subse-
13 quent period on a cumulative basis.

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

18 (a) The incomes of the tenants residing in that housing
19 project in a manner which preserves the anonymity of those
20 tenants.

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

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

26 (d) Information requested by the authority about that
27 housing project which is needed so that the authority can report

1 the extent of displacement, direct and indirect, of lower income
2 persons caused by housing projects financed under this section,
3 the steps taken by governmental and private parties to ameliorate
4 the displacement, and the results of those efforts.

5 (e) Information requested by the authority about that hous-
6 ing project which is needed so that the authority can report the
7 estimated extent of additional reinvestment activities by private
8 lenders attributable to the authority's financing of housing
9 projects financed under this section.

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

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

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

17 (15) The authority may inspect and audit projects and
18 records of projects financed under this section in order to moni-
19 tor compliance with the requirements of this section. If there
20 is noncompliance, the authority, pursuant to the provisions of
21 the financing and organizational documents applicable to the
22 transaction, may pursue the remedies which the authority consid-
23 ers appropriate. Except as is required to assure compliance with
24 this section or section 46 or otherwise required by purchasers
25 of, or a third party credit enhancement provider with respect to,
26 notes or bonds issued to finance a multifamily housing project
27 under this section, the authority shall not regulate, in any

1 manner, a multifamily housing project financed under this
2 section. This section does not preclude the authority from regu-
3 lating a multifamily housing project in consideration for other
4 types of program benefits, incentives, or concessions provided by
5 the authority over and above the financing made available under
6 this section.

7 (16) Notwithstanding any other provision of this section,
8 there shall not be any liability on the part of the authority or
9 its members, officers, employees, or agents, and the assets of
10 the authority shall not be subject to any liability, as a result
11 of any act or failure to act under this section on the part of
12 the authority or its members, officers, employees, or agents.

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

26 (18) Except for housing projects for which the authority has
27 adopted an inducement resolution on or before April 1, 1991,

1 loans shall not be made under this section unless the authority
2 determines that use of the state's unified volume cap for a
3 project will not impair the ability of the authority to carry out
4 programs or finance housing developments or housing units which
5 are targeted to lower income persons.

6 Sec. 45. Among low income or moderate income persons, pref-
7 erence shall be given to ~~the elderly and~~ those displaced by
8 urban renewal, slum clearance, or other governmental action.

9 Sec. 46. The authority shall require that occupancy of
10 housing projects and residential real property assisted under
11 this act shall be open to all regardless of sex, race, religion,
12 color, national origin, age, or marital status, and that contrac-
13 tors and subcontractors engaged in the construction of housing
14 projects and lending institutions engaged in making residential
15 mortgages, shall take affirmative action to assure an equal
16 opportunity for employment and borrowing. This section does not
17 apply, with respect to the age provision only, to the sale,
18 rental, or lease of housing accommodations meeting the require-
19 ments of federal, state, or local housing programs for senior
20 citizens, or accommodations otherwise intended, advertised,
21 designed or operated, bona fide, for the purpose of providing
22 housing accommodations for persons ~~50~~ 55 years of age or
23 older.