

## **HOUSING FACILITIES** **Act 18 of 1933 (Ex. Sess.)**

AN ACT to authorize any city, village, township, or county to purchase, acquire, construct, maintain, operate, improve, extend, and repair housing facilities; to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare; and for any such purposes to authorize any such city, village, township, or county to create a commission with power to effectuate said purposes, and to prescribe the powers and duties of such commission and of such city, village, township, or county; and for any such purposes to authorize any such commission, city, village, township, or county to issue notes and revenue bonds; to regulate the issuance, sale, retirement, and refunding of such notes and bonds; to regulate the rentals of such projects and the use of the revenues of the projects; to prescribe the manner of selecting tenants for such projects; to provide for condemnation of private property for such projects; to confer certain powers upon such commissions, cities, villages, townships, and counties in relation to such projects, including the power to receive aid and cooperation of the federal government; to provide for a referendum thereon; to provide for cooperative financing by 2 or more commissions, cities, villages, townships, or counties or any combination thereof; to provide for the issuance, sale, and retirement of revenue bonds and special obligation notes for such purposes; to provide for financing agreements between cooperating borrowers; to provide for other matters relative to the bonds and notes and methods of cooperative financing; for other purposes; and to prescribe penalties and provide remedies.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1937, Act 265, Imd. Eff. July 22, 1937;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—Am. 1959, Act 145, Imd. Eff. July 15, 1959;—Am. 1968, Act 344, Eff. Oct. 1, 1968;—Am. 1969, Act 327, Eff. Mar. 20, 1970;—Am. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996;—Am. 1998, Act 165, Eff. Mar. 23, 1999.

*The People of the State of Michigan enact:*

### **125.651 Definitions.**

Sec. 1. As used in this act:

(a) "Borrower" means either of the following:

(i) The city, village, township, or county operating under this act.

(ii) A commission created under this act if empowered by ordinance of the creating governing body to act as a borrower for purposes of issuing bonds or notes under this act.

(b) "Business activity" means that term as defined in section 3(2) of the former single business tax act, 1975 PA 228, or in section 105 of the Michigan business tax act, 2007 PA 36, MCL 208.1105.

(c) "Commission" means the housing commission created under this act.

(d) "Governing body" means in the case of a city, the council or commission of the city; in the case of a village, the council, commission, or board of trustees of the village; in the case of a township, the township board; and in the case of a county, the board of supervisors or county commissioners.

(e) "Incorporating unit" means the city, village, township, or county that creates a commission.

(f) "Ordinance" means either of the following:

(i) An ordinance of a city, village, township, or county.

(ii) To the extent the incorporating unit has granted or empowered a commission to take those actions otherwise required to be taken by the incorporating unit by ordinance, a resolution of the commission.

(g) "Township" means a township having a population over 100.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1935, Act 80, Imd. Eff. May 24, 1935;—CL 1948, 125.651;—Am. 1959, Act 145, Imd. Eff. July 15, 1959;—Am. 1961, Act 202, Imd. Eff. June 6, 1961;—Am. 1964, Act 31, Imd. Eff. May 1, 1964;—Am. 1965, Act 319, Eff. Mar. 31, 1966;—Am. 1969, Act 327, Eff. Mar. 20, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996;—Am. 2007, Act 185, Imd. Eff. Dec. 21, 2007.

### **125.652 Cities, villages, townships, counties; housing facilities and conditions, powers.**

Sec. 2. Any city, village, township or county of the state of Michigan may purchase, acquire, construct, maintain, operate, improve, extend or repair housing facilities and eliminate housing conditions which are detrimental to the public peace, health, safety, morals or welfare.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1937, Act 265, Imd. Eff. July 22, 1937;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.652;—Am. 1959, Act 145, Imd. Eff. July 15, 1959;—Am. 1969, Act 327, Eff. Mar. 20, 1970.

### **125.653 Municipal housing commission; creation; referendum; rejection; powers of township and county commissioners.**

Sec. 3. (a) Any city, village, township or county may create by ordinance, a commission with power to accomplish the purposes set forth in section 2 of this act. Any ordinance hereafter enacted shall not go into effect until 15 days after it has been published in a newspaper of general circulation in such city, village, township or county and posted in 3 public places in such city, village, township or county. If there is no newspaper of general circulation in any such city, village or township such publication may be had in any newspaper having general circulation in the county in which the city, village, or township is situated. If, before such ordinance goes into effect, a petition signed by a number of the qualified electors of such city, village, township or county equal to at least 3% of the number of voters registered for the last regular city, village, township or county election is filed with the clerk of the city, village, township or county requesting that the question of the creation of such commission be submitted to the voters of the city, village, township or county, the clerk of the city, village, township or county shall immediately call a special election for that purpose, unless a general election is to be held in such city, village, township or county within 30 days from the date of the filing of the petition, in which event the question shall be submitted at such general election. In the event the question is to be submitted at a special election, such election shall be held within 15 days from the date of the filing of the petition. The manner of conducting any such special election shall conform as nearly as may be to the manner of conducting elections of members of the governing body of the city, village, township or county and votes cast on the question shall be counted, canvassed and returned as nearly as may be in the same manner as at such elections. The question, whether submitted at a general or special election, shall be in substantially the following form:

“Shall the ordinance passed by the (name of governing body) on the ..... day of ....., 19...., providing for the creation of a housing commission, go into effect?”

“Yes ( )

“No ( ).”

(b) If, at such election, a majority of the voters voting on the question do not vote in favor of the question, the ordinance shall not go into effect and the governing body of such city, village, township or county shall not pass any other ordinance providing for the creation of a housing commission for 1 year from the date of such election.

(c) A commission created by a township, within its territorial jurisdiction, shall have all the functions, rights, powers, duties and liabilities provided in this act for a commission created by a city or village, and the provisions of this act shall apply to such commission in the same manner and to the same extent as this act applies to a commission created by such city or village. The township board shall perform the functions herein required or permitted to be performed by the governing body for a commission created by a city or village; and the township supervisor shall perform such functions as are required or permitted by this act to be performed by the chief administrative officer of a city or village.

(d) A commission created by a county, within an unincorporated area of the county, shall have all the functions, rights, powers, duties and liabilities provided in this act for a commission created by a city or village, and the provisions of this act shall apply to such commission in the same manner and to the same extent as this act applies to a commission created by such city or village. A commission created by a county, within an incorporated area of the county, shall have such functions, rights, powers, duties and liabilities as may be provided by contractual agreement between the county and such incorporated area. The county board of supervisors or county commissioners shall perform the functions herein required or permitted to be performed by the governing body for a commission created by a city or village; and the chairman of the board of supervisors, or county executive, shall perform such functions as are required or permitted by this act to be performed by the chief administrative officer of a city or village.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1937, Act 265, Imd. Eff. July 22, 1937;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.653;—Am. 1959, Act 145, Imd. Eff. July 15, 1959;—Am. 1969, Act 327, Eff. Mar. 20, 1970.

### **125.653a Violation of MCL 168.1 to 168.992 applicable to petitions; penalties.**

Sec. 3a. A petition under section 3, including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in this section is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

**History:** Add. 1998, Act 165, Eff. Mar. 23, 1999.

### **125.654 Municipal housing commission; appointment and terms of members; tenant of public or subsidized housing as member; notice; removal; vacancies; compensation and expenses; public body corporate; powers of commission; definitions.**

Sec. 4. (1) Subject to subsection (2), the commission shall consist of 5 members to be appointed by the chief administrative officer of the city or village, except that if a city or village has a chief administrative officer who is not elected by the electors of the city or village, the members of the commission may be appointed by the official designated by a resolution adopted by the governing body of the city or village. The term of office of members of the commission shall be 5 years. Members of the first commission shall be appointed for the terms of 1 year, 2 years, 3 years, 4 years, and 5 years respectively, and annually thereafter 1 member shall be appointed for the term of 5 years.

(2) One member of the commission shall be a tenant of public or subsidized housing as provided in this subsection. If, on the effective date of the amendatory act that added section 11a, a commission is managing an occupied project and has no tenant member, a tenant member shall be appointed for at least 1 of the next 3 vacancies after that effective date, or within 2 years after that effective date, whichever comes first. If, on the effective date of the amendatory act that added section 11a, a commission did not yet exist or did not yet manage an occupied project, a tenant member shall be appointed for at least 1 of the next 2 vacancies after the first project of the commission is occupied or within 2 years after the first project of the commission is occupied, whichever comes first. Beginning on the effective date of this amendatory act that added section 11a, the chief executive officer of the housing commission shall send written notice of a commission vacancy to the president of each resident organization. The notice shall be included in the rent notice to each tenant. For a commission with authority for less than 250 units, if no tenant applies for membership on the commission within 60 days after notice is sent to tenants, the appointing official may appoint a person otherwise qualified under this act to serve as a member of the commission, if the chief executive officer of the commission has proof of the written notice required under this section.

(3) Upon recommendation of the appointing authority to the governing body, the governing body of the incorporating unit may remove a member of the commission from office before the expiration of his or her term. Subject to subsection (2), a vacancy in office shall be filled by the appointing authority for the remainder of the unexpired term.

(4) A member of the commission may receive compensation for actual expenses incurred in serving as a member of the commission in an amount determined by the commission. The governing body of an incorporating unit may adopt a resolution establishing limitations on the amounts of actual expenses that may be paid to a member of a commission.

(5) The commission shall be a public body corporate. Except as otherwise provided in this act, the commission may do all of the following:

(a) Sue and be sued in any court of this state.

(b) Form or incorporate nonprofit corporations under the laws of this state for any purpose not inconsistent with the purposes for which the commission was formed.

(c) Serve as a shareholder or member of a qualified nonprofit corporation organized under the laws of this state.

(d) Authorize, approve, execute, and file with the Michigan department of commerce those documents that are appropriate to form and continue 1 or more nonprofit corporations.

(e) Form or incorporate for-profit corporations, partnerships, and companies under the laws of this state for any purpose not inconsistent with the purposes for which the commission was formed.

(6) As used in this section:

(a) "Chief administrative officer" means:

(i) The manager of a village or, if a village does not employ a manager, the president of the village.

(ii) The city manager of a city or, if a city does not employ a city manager, the mayor of the city.

(b) "Vacancy" means a seat for which the current appointee discontinues membership by death, resignation, or removal from office; by not seeking reappointment in writing prior to the expiration of his or her term; or by not being reappointed by the appointing authority within 5 days following the expiration of his or her term.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1935, Act 80, Imd. Eff. May 24, 1935;—CL 1948, 125.654;—Am. 1969, Act 327, Eff. Mar. 20, 1970;—Am. 1983, Act 227, Imd. Eff. Nov. 28, 1983;—Am. 1984, Act 207, Imd. Eff. July 9, 1984;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

**125.655 Housing commission; conducting business at public meeting; notice; meetings; rules; record; quorum; availability of writings to public; election, appointment, duties, and compensation of officers and employees.**

Sec. 5. (1) The business that the commission may perform shall be conducted at a public meeting of the commission held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the

meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The commission shall meet at regular intervals. It shall adopt its own rules of procedure and shall keep a record of the proceedings. Three members constitute a quorum for the transaction of business.

(2) A writing prepared, owned, used, in the possession of, or retained by the commission in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(3) A president and vice-president and other officers designated by the commission shall be elected by the commission. The commission may employ and fix the compensation of a director, who may also serve as secretary, and other employees as necessary. Upon the recommendation of the appointing authority, the governing body of an incorporating unit may adopt a resolution either conditioning the establishment of any compensation of an officer or employee of a commission upon the approval of the governing body or establishing compensation ranges and classifications to be used by a commission in fixing the compensation of its officers and employees. The commission shall prescribe the duties of its officers and employees and shall transfer to its officers and director those functions and that authority which the commission has prescribed. The commission may employ engineers, architects, attorneys, accountants, and other professional consultants when necessary.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1935, Act 80, Imd. Eff. May 24, 1935;—CL 1948, 125.655;—Am. 1978, Act 205, Imd. Eff. June 4, 1978;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.656 Municipal housing commission; funds for operation.**

Sec. 6. (1) Funds for the operation of the commission may be loaned or granted by the governing body. The governing body may condition the provision of funds to the commission upon an agreement that the commission shall as soon as possible reimburse the incorporating unit for all money expended by it for the commission from revenues received from the sale of bonds.

(2) A commission may solicit, accept, and enter into agreements relating to, grants from any public or private source, including the state or federal government or any agency of the state or federal government, and may carry out any federal or state program related to the purposes for which the commission is created. The governing body of an incorporating unit may adopt a resolution that requires approval by the governing body before the commission may accept or enter into agreements relating to 1 or more types of grants.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1935, Act 80, Imd. Eff. May 24, 1935;—CL 1948, 125.656;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.657 Municipal housing commission; powers and duties.**

Sec. 7. Such commission shall have the following enumerated powers and duties:

(a) To determine in what areas of the city or village it is necessary to provide proper sanitary housing facilities for families of low income and for the elimination of housing conditions which are detrimental to the public peace, health, safety, morals, and/or welfare;

(b) To purchase, lease, sell, exchange, transfer, assign and mortgage any property, real or personal, or any interest therein, or acquire the same by gift, bequest or under the power of eminent domain; to own, hold, clear and improve property; to engage in or to contract for the design and construction, reconstruction, alteration, improvement, extension, and/or repair of any housing project or projects or parts thereof; to lease and/or operate any housing project or projects;

(c) To control and supervise all parks and playgrounds forming a part of such housing development but may contract with existing departments of the city or village for operation or maintenance of either or both;

(d) To establish and revise rents of any housing project or projects, but shall rent all property for such sums as will make them self-supporting, including all charges for maintenance and operation, for principal and interest on loans and bonds, and for taxes;

(e) To rent only to such tenants as are unable to pay for more expensive housing accommodations;

(f) To call upon other departments for assistance in the performance of its duties, but said departments shall be reimbursed for any added expense incurred therefor.

(g) It shall have such other powers relating to said housing facilities project as may be prescribed by ordinance or resolution of the governing body of the city or village or as may be necessary to carry out the purposes of this act.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.657.

#### **125.658 Municipal housing commission; interest of members, officers, employees in contracts.**

Sec. 8. No member of the housing commission or any of its officers or employees shall have any interest directly or indirectly in any contract for property, materials or services to be acquired by said commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.658.

#### **125.659 Municipal housing commission; report to governing body.**

Sec. 9. The commission shall make an annual report of its activities to the governing body of the incorporating unit and shall make other reports as the governing body may from time to time require. The governing body of the incorporating unit, by resolution, may request the commission to prepare and submit a report containing an itemization of actual expenses paid to members of the commission as provided in section 4(4) and of compensation of officers and employees fixed as provided in section 5(3). The commission shall also report any action of the commission taken under section 6(2) in a manner sufficient to allow the governing body to exercise the authority granted under this act to supervise the activities of the commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.659;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.660 Municipal housing commission; proceedings under power of eminent domain.**

Sec. 10. (a) The housing commission may recommend to the governing body the institution and prosecution of proceedings under the power of eminent domain in accordance with the laws of the state, and/or provisions of a local charter relative to condemnation. Housing projects contemplated by this act are hereby declared to be for public purposes within the meaning of the constitution, state laws and charters relative to the power of eminent domain.

(b) The governing body of a county may, by the exercise of the power of eminent domain, acquire private property lying within the corporate boundaries of cities, villages and townships within the county, for purposes of this act, upon the consent, by resolution, of the legislative body of the city, village or township in which the property is located. The resolution shall be adopted by a majority of the members of the legislative body elected and serving on the question.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.660;—Am. 1969, Act 327, Eff. Mar. 20, 1970.

#### **125.661 Municipal housing commission; deeds, mortgages, contracts, leases, purchases.**

Sec. 11. (1) All deeds, mortgages, contracts, leases, purchases, or other agreements regarding real property, including agreements to acquire or dispose of real property, shall be approved and executed in the name of the commission or the incorporating unit, as specified by ordinance or resolution of the governing body. For purposes of this section, contracts or leases regarding real property mean contracts to purchase or lease from a third party or other transactions under which rights or possession of real property are acquired, but do not include contracts, management agreements, or leases of that property with tenants or facility managers. Contracts or leases with tenants or facility managers shall be executed by and in the name of the commission.

(2) Subsection (1) does not require contracts for the purchase of necessary materials and contracts related to the powers and duties of the commission under section 12 to be approved and executed by an incorporating unit.

(3) A governing body may transfer property to the commission for use by the commission for a purpose authorized by this act. The transfer of property to the commission, including property taken under the incorporating unit's power of eminent domain, shall be considered necessary for public purposes and for the benefit of the public.

(4) If an ordinance or resolution of the governing body provides in accordance with subsection (1) for the execution of agreements regarding real property in the name of the commission, or if a commission is empowered by the incorporating unit to act as a borrower for purposes of this act, the commission may sue and be sued with respect to those agreements executed or obligations issued by the commission. This subsection does not affect a limitation provided by this act or by the terms of an agreement upon the funds available or the pledge made for the payment of a claim against the commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.661;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.661a Property, income, and operations exempt from state taxation.**

Sec. 11a. (1) Property, income, and operations of the commission and property of a qualified entity that is located in the incorporating unit of the commission are exempt from all taxation by the state or any of its political subdivisions. However, a governing body may adopt an ordinance requiring the commission to pay an annual service fee in lieu of all taxes with respect to projects or facilities of the commission or qualified entities. The fee shall not exceed 10% of the annual shelter rent obtained from the projects or facilities.

(2) Each incorporating unit receiving as of the effective date of the amendatory act that added this section payment in lieu of taxes with respect to a project or facility of the commission or a qualified entity shall agree

to accept a payment in lieu of taxes in an amount equal to that portion of the payment in lieu of taxes otherwise due multiplied by the percentage by which the millage rate of all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located for the year in which the payment in lieu of taxes is due bears to the millage rate levied in 1993 by all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located. This subsection does not require the increase of any payment in lieu of taxes previously agreed to by the incorporating unit.

(3) For purposes of this section, "qualified entity" means either of the following:

(a) A Michigan nonprofit corporation or a Michigan limited partnership having a Michigan nonprofit corporation as its sole general partner, if 1 of the following applies:

(i) The nonprofit corporation is owned by the commission.

(ii) A majority of the members of the board of directors of the nonprofit corporation are elected and removable by the commission.

(iii) The commission is the sole member of the nonprofit corporation.

(b) A for-profit corporation, partnership, or company formed or incorporated by the commission for the sole purpose of syndicating low income housing tax credits in connection with the redevelopment of a housing project that has been owned by the commission, if the commission maintains oversight responsibility for the management and operation of the project for which low income housing tax credits were syndicated and the for-profit entity does not engage in any other business activity unrelated to the housing project.

**History:** Add. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.662 Municipal housing commission; control of project.**

Sec. 12. The commission shall have complete control of the entire housing project or projects including the construction, maintenance and operation as fully and completely as if said commission represented private owners. Contracts for construction or purchase of materials entered into by the commission shall not be required to be made through any city or village purchasing department.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.662.

#### **125.663 Claims against project; damages; asserting governmental immunity as defense.**

Sec. 13. Unless a governing body of the incorporating unit authorizes the execution of agreements regarding real property in the name of a commission as provided in section 11, all claims that may arise in connection with a housing project or projects shall be presented as are ordinary claims against the city or village. Written notice of all claims based upon injury to persons or property shall be served upon the city or village clerk within 60 days from the happening of the injury. The commission may dispose of claims in its discretion. The cost of investigation, attorneys' fees, all claims that may be allowed, and final judgments obtained from those claims shall not be a general obligation of the incorporating unit and shall be paid only from the operating revenue of the housing project or projects or from the proceeds of liability insurance. This section does not preclude the incorporating unit or commission from asserting a defense of governmental immunity to which it may be entitled under law against any claim made against the incorporating unit or the commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.663;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.664 Claims against project; contractual.**

Sec. 14. The notes, bonds, or other obligations or any claims of whatever nature against said housing project or projects, shall not be debts or charges against the city or village nor against any members of the commission and no individual liability shall attach for any official act done by any member of such commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.664.

#### **125.665 Preliminary estimate of costs.**

Sec. 15. Whenever the commission shall determine to purchase, acquire, construct, improve, enlarge, extend, operate, and/or repair any housing facility or facilities under the provisions of this act, it shall first cause an estimate to be made of the cost thereof, and the fact that such estimate has been made and the amount thereof shall appear in the ordinance authorizing and providing for the issuance of the bonds.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.665.

#### **125.666 Enabling ordinances or resolutions; loan by commission; housing project to include purchase by nonprofit entity; use of proceeds.**

Sec. 16. (1) For the purposes of this act, any borrower is authorized to adopt or enact an ordinance or

ordinances, or a resolution or resolutions if the borrower is a commission, providing for the issuance and sale of revenue bonds as stated in this act, and any and all other appropriate ordinances and resolutions considered necessary or desirable to effectuate the full intent and purposes of this act. The manner and procedure of enacting any ordinances or resolutions shall be as provided by law, except as may be expressly provided for by this act.

(2) If a commission is the borrower under this act, the commission may loan any amount of the borrowed money to the incorporating unit, which may execute any deed, mortgage, lease, contract, or other agreement with respect to property for which bonds or notes were issued. If the commission makes a loan to the incorporating unit under this subsection, the incorporating unit has all powers granted under this act to a borrower for purposes of securing repayment of the loan.

(3) A housing project or combined housing project for which obligations may be issued under this act includes a housing project to be purchased or developed by a nonprofit entity with the proceeds of a loan from a borrower.

(4) The proceeds of obligations issued under this act and other funds available to an incorporating unit or commission may be used to make loans for defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing a housing project.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.666;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

### **125.667 Revenue bonds generally.**

Sec. 17. (1) For the purpose of defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing any housing project or combined projects, any borrower may borrow money and issue revenue bonds. The bonds may be awarded before an authorizing ordinance or resolution is adopted; however, the bonds shall not be issued unless and until authorized by an ordinance or resolution setting forth a brief description of the contemplated housing project or combined projects and the site or sites of the project or projects, time and place of payment, and other details in connection with the issuance and sale of the bonds.

(2) Except as otherwise provided by this act, the bonds issued under this act are subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. If less than all of the bonds authorized in connection with a project or combined projects are sold to the United States housing authority or a successor agency, the balance of the bonds may also be sold at private sale at an interest cost to the borrower of not more than the interest cost to the borrower of the portion of the bonds sold to the United States of America or any agency or instrumentality of the United States of America.

(3) Notes issued in connection with a housing project or combined projects prior to the issuance of bonds may be accepted in payment of bonds sold in connection with the housing project or combined projects if the notes provide. In a contract for the purchase, acquisition, or construction of any housing facility or for the improvement, enlargement, extension, or repair of the project or projects, provision may be made that payment shall be made in the bonds.

(4) The bonds may be made payable in funds that are on the respective dates of payment of interest and principal upon the bonds, legal tender for debts due the United States of America. All bonds and notes issued under this act, the interest on the bonds and notes, and their transfer are exempt from all taxation by this state or any political subdivisions of this state.

(5) The principal of and interest upon the bonds shall be payable, except as provided in this act, solely from the revenue derived from the operation of the housing project or combined projects, for the purchase, acquisition, construction, improvement, enlargement, extension, or repair of which the bonds are issued, and from contributions received for or in aid of the project or combined projects, from whatever source derived. The contributions may be pledged to the payment of any or all bonds issued in connection with the project or combined projects, as the borrower may provide. Bonds issued pursuant to this act shall not constitute an indebtedness of a borrower within the meaning of state constitutional provisions or statutory limitations. There shall be plainly stated on the face of each bond substantially as follows:

“This bond is a revenue bond and the principal of and interest on this bond are exempt from any and all state, county, city, village, or other taxation under the laws of this state and are secured by the statutory lien created by 1933 (Ex Sess) PA 18, MCL 125.651 to 125.709c, and payable solely from contributions received for or in aid of the project or combined projects in connection with which the bonds are issued or from the revenues of the project or combined projects or from both the revenues and contributions, as the case may be, and are not a general obligation of the borrower.”

(6) The bonds shall have all the qualities of negotiable instruments under the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102. The authorizing ordinance or resolution may provide that the bonds shall be issued under a trust indenture, the authorized form of which shall be set forth in the ordinance

or resolution, and any provision required or permitted by this act to appear in the authorizing ordinance or resolution shall be considered to be included in the ordinance or resolution if set forth in the trust indenture.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.667;—Am. 1974, Act 66, Imd. Eff. Apr. 1, 1974;—Am. 1996, Act 338, Imd. Eff. June 27, 1996;—Am. 2002, Act 268, Imd. Eff. May 9, 2002

#### **125.668 Bondholder's lien; contributions contract.**

Sec. 18. The authorizing ordinance shall create a first lien which by this act is made a statutory first lien upon the revenue of any such housing facility, to, and in favor of the holders of the bonds and each of them. If bonds are issued for the purposes of cooperative financing, holders of the bonds also have a statutory first lien on the specific portion of the annual contributions payable to the cooperating borrowers or their agencies and authorized to be pledged to the payment of bonds and the interest thereon, pursuant to certain contracts between the cooperating borrowers or their agents and the United States which contracts shall be described in any ordinance authorizing any such bonds and are herein collectively called the “annual contributions contract”. The holders of the bonds shall have as additional security the contractual obligations specified by the financing agreement as provided in this act.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.668;—Am. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.669 Bondholder's lien upon revenue; enforcement.**

Sec. 19. Revenue from and any amount due under any annual contributions contracts pertaining to such project or combined projects so purchased, acquired, constructed, improved, enlarged, extended or repaired, shall be and remain subject to the statutory lien until the payment in full of the principal of and interest upon the bonds. The holder or holders of the bonds or coupons representing in the aggregate not less than 20% of the entire issue then outstanding may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce such statutory lien and may, by suit, action, mandamus or other proceeding enforce and compel performance of all duties of the officials of the borrower, including the fixing of sufficient rents, the collection of revenues, the proper segregation of the revenues of the project or combined projects and the proper application thereof. However, such statutory lien shall not be construed to give any holder or owner of any bond or coupon authority to compel the sale of such project or combined projects or any part thereof.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.669;—Am. 1970, Act 249, Imd. Eff. Dec. 30, 1970.

#### **125.670 Receiver; appointment; powers and duties.**

Sec. 20. If there shall be any default in the payment of the principal of or interest upon any such bonds authorized pursuant to this act, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the project or combined projects on behalf of the borrower, under the direction of the court and by and with the approval of the court, to fix and charge rents and collect revenues sufficient to provide for the payment of any bonds or other obligations outstanding against the project or combined projects and for the payment of the expense of operating and maintaining the same and to apply the revenues of the project or combined projects in conformity with this act and the ordinance providing for the issuance of such bonds and in accordance with such orders as the court shall make.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.670;—Am. 1970, Act 249, Imd. Eff. Dec. 30, 1970.

#### **125.671 Bonds; inapplicability of other laws.**

Sec. 21. The bonds authorized hereunder shall not be subject to any limitations or provisions provided by the laws of the state of Michigan for cities or incorporated villages now in force or hereafter amended, other than as provided for in this act.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.671.

#### **125.672-125.674 Repealed. 2002, Act 268, Imd. Eff. May 9, 2002.**

**Compiler's note:** The repealed sections pertained to bond deposit, issuance, and signature.

#### **125.675 Free services.**

Sec. 25. No free services or rental shall be furnished by any such project or combined projects to the city or village or any state agency or to any agency, instrumentality, person, firm or corporation.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.675.

#### **125.676 Additional bonds.**

Sec. 26. Any borrower purchasing, acquiring, constructing, improving, enlarging, or repairing any such project or combined projects assumed by the provisions of this act, may at the time of the authorization of such bond for any such purpose or purposes, provide in the authorizing ordinance for additional bonds for other extensions and permanent improvements, which additional bonds may be issued and negotiated from time to time as such proceeds for such purpose may be necessary. Such bonds, when so negotiated, shall have equal standing with the bonds of the same issue.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.676.

#### **125.677 Rent schedule; policy of state; basis; limitation.**

Sec. 27. (1) It is hereby declared to be the policy of this state that each commission shall manage and operate, or cause to be managed and operated, its housing projects in an efficient manner so as to enable it to fix the rentals for dwelling accommodations at the lowest possible rates consistent with its providing decent, safe, and sanitary dwelling accommodations, and that no commission shall construct or operate any project for profit. To this end, the commission shall fix the rentals for dwellings in projects at no higher rates than it finds to be necessary in order to produce revenues which, together with all other money, revenues, income, and receipts from whatever sources derived available for such purposes, will be sufficient to do the following:

(a) Pay, as they become due, the principal of, premium, if any, and interest on the bonds or notes issued for such project.

(b) Meet the cost of and provide for administration, operation, and maintenance of the projects, including the cost of any insurance on the projects or on bonds issued for the projects, and for the creation and funding of a reserve for replacements and capital improvements related to the projects.

(c) Create, during not less than the 6 years immediately succeeding its issuance of any bonds, a reserve sufficient to meet the largest principal and interest payments which will be due on the bonds in any 1 year thereafter and to maintain such reserve.

(d) Make payments in lieu of taxes of an amount as may be imposed pursuant to section 11a by the incorporating unit, which sum, if any, shall be paid to the incorporating unit and other taxing units in proportion to the amount of taxes levied by that incorporating unit and the other taxing units in the year in which the payment in lieu of taxes is imposed.

(2) After bonds issued for a project have been retired, the rentals fixed by the commission pursuant to subsection (1) may include an amount not greater than the maximum annual principal and interest that had been due on bonds issued for the project. The rental receipts attributable to this subsection may be used by the commission for any purpose for which bonds or notes may be issued under this act or to secure bonds or notes issued by the borrower pursuant to this act for other projects of the commission.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—Am. 1937, Act 265, Imd. Eff. July 22, 1937;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—Am. 1947, Act 51, Eff. Oct. 11, 1947;—CL 1948, 125.677;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.681 Income from sources other than operation; use.**

Sec. 31. Nothing in this act shall be construed to prohibit the borrower from appropriating and using any part of its available income or revenue derived from any source other than from the operation of such project or combined projects in paying any immediate expenses of operation or maintenance of any such project or combined projects, but nothing in this act shall be construed to require the borrower to do so.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.681.

#### **125.683 Operating year.**

Sec. 33. The ordinance authorizing the issuance of such bonds shall definitely determine whether such project or combined projects shall be operated upon a calendar, operating or fiscal year basis, and the dates of the beginning and ending of the same.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.683.

#### **125.684 Rents; supervision; state department of health.**

Sec. 34. Rents charged for the services furnished by any project or combined projects purchased, acquired, constructed, improved, enlarged, extended, operated or repaired, under the provisions of this act, shall not be subject to supervision or regulation by any state bureau, board, commission or other like instrumentality or agency thereof and it shall not be necessary for any borrower operating under the provisions of this act to obtain any franchise or other permit from any state bureau, board, commission or other instrumentality thereof in order to construct, improve, enlarge, extend, repair or operate any project or combined projects named in this act: Provided, however, That the functions, powers and duties of the state department of health shall remain unaffected by this act.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.684.

### **125.685 Housing commission; books of record and account; balance sheets and income and surplus accounts.**

Sec. 35. (1) The commission of a borrower issuing revenue bonds under this act shall install, maintain, and keep proper books of record and account, separate from other records and accounts of the borrower, in which full and accurate entries shall be made of all dealings or transactions of, or in relation to the properties, business, and affairs of the project or combined projects.

(2) The commission, not later than 3 months after the close of a calendar, operating, or fiscal year, shall cause to be prepared a balance sheet and an income and surplus account, showing respectively, in reasonable detail, the financial condition of the project or combined projects at the close of the preceding calendar, operating, or fiscal year, and the financial operations of the project or combined projects during the year. The balance sheets and income and surplus accounts shall be made available to the public as prescribed in section 5(2).

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.685;—Am. 1978, Act 205, Imd. Eff. June 4, 1978.

### **125.687 Construction of act.**

Sec. 37. This act shall be construed as authorizing the creation of the commission and the issuance of such bonds provided for herein without submitting the proposition for the approval of same to the voters of the borrower. Where bonds have been authorized under this act it shall not be necessary to make publication of any ordinance, resolution, notice or proceeding relating thereto: Provided, That nothing in this act shall be construed to prohibit the governing body from making such publication as it may deem necessary in relation thereto.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.687.

### **125.689 Authority conferred.**

Sec. 39. This act shall, without reference to any other statute or to any charter, be deemed full authority for the purposes herein provided for and for the issuance and sale of the bonds by this act authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, any provisions of the general laws of the state or of any charter to the contrary notwithstanding.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.689.

### **125.690 Declaration of necessity; liberal construction.**

Sec. 40. This act, being necessary for and to secure the public peace, health, safety, convenience and welfare of the cities and incorporated villages and the people of the state of Michigan, shall be liberally construed to effect the purposes thereof.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.690.

### **125.692 Slum clearance and housing projects as public purposes.**

Sec. 42. Slum clearance and housing projects contemplated by this act are hereby declared to be for public purposes within the meaning of the constitution, state laws and charters relative to the powers of cities and villages.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.692.

### **125.693 Immediate necessity.**

Sec. 43. The necessity for the immediate effective date of this act lies in the fact that, whereas there is a demand in congested sections of Michigan for housing of families of low income and for the reconstruction of slum areas, and whereas no existing laws or charters of the state of Michigan provide for the organization and operation of public housing commissions as contemplated in the National Industrial Recovery Act which would enable Michigan cities and villages to secure grants and loans from the United States government for the purpose of providing housing for families of low income, and whereas such laws are in existence in other states, which will enable such states to obtain a grant and borrow money from the United States government, and whereas such funds secured from the United States government by public housing commissions will make possible the beginning immediately of building projects which will furnish employment of Michigan citizens. Therefore, this act is hereby declared to be immediately necessary for the preservation of the public peace, health, safety, convenience and welfare of the people of the state of Michigan.

**History:** 1933, Ex. Sess., Act 18, Imd. Eff. Jan. 9, 1934;—CL 1948, 125.693.

### **125.694 Housing projects; duties of operation and management; rentals and selection of tenants; appointment of receiver.**

Sec. 44. In the operation or management of housing projects a commission shall at all times observe the following duties with respect to rentals and tenant selection: (a) it may rent or lease the dwelling accommodations therein only to persons of low income; (b) it may rent or lease the dwelling accommodations therein only at rentals within the financial reach of such persons of low income; (c) it may rent or lease to a tenant dwelling accommodations consisting of the number of rooms, but no greater number, which it deems necessary to provide safe and sanitary accommodations to the proposed occupants thereof, without overcrowding; (d) it shall not accept any person as a tenant in any housing project if the person or persons who would occupy the dwelling accommodations have an aggregate annual net income in excess of any maximum allowed by the federal government pursuant to federal law or regulation in any contract for financial assistance; (e) it shall prohibit subletting by tenants.

Nothing contained in this section or in section 27 shall be construed as limiting the power of a borrower to vest in an obligee or trustee the right, in the event of a default by the borrower, to cause the appointment of a receiver thereof, free from all the restrictions imposed by this section or by section 27.

**History:** Add. 1937, Act 265, Imd. Eff. July 22, 1937;—Am. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.694;—Am. 1960, Act 18, Eff. Aug. 17, 1960.

### **125.694a Tenancy or contract right to occupy housing; termination; just cause.**

Sec. 44a. (1) No tenancy or contract right to occupy housing in a project or facilities operated by any city, village, township or other unit of local government, as provided by this act, shall be terminated by the project management or the local housing commission except for just cause.

(2) Just cause to terminate a tenancy or contract right to occupy housing includes, but is not limited to 1 or more of the following:

(a) A failure to comply with the obligations of the lease or the lawful rules and regulations of the housing commission.

(b) The use of a unit for any unlawful purpose, including any purpose for which the commission is entitled to recover possession of the premises by summary proceedings under section 5714(1)(b) of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.5714 of the Michigan Compiled Laws.

(c) The maintenance of any unsafe, unsanitary, or unhealthful condition in any dwelling unit or in any of the common areas.

**History:** Add. 1968, Act 267, Eff. Oct. 1, 1968;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

### **125.694b Municipal housing commission; rules; adoption; promulgation; publication.**

Sec. 44b. (1) To the extent not inconsistent with federal law or regulation, state law, or local ordinance, the housing commission shall adopt and promulgate reasonable rules that establish the following:

(a) Eligibility requirements for admission to housing.

(b) Obligations of tenants, including regulations for the use and occupation of housing units and common areas.

(c) Just cause for the termination of the right of use and occupation, so that a tenant may be clearly apprised of the precise reasons for a termination.

(d) Conditions for continued occupancy, taking into account factors including, but not limited to, family size, fluctuations in income, availability of standard accommodations elsewhere, and other relevant matters.

(e) Operation of homesteading programs under all of the following:

(i) The urban homesteading in single-family public housing act.

(ii) The urban homesteading in multifamily public housing act.

(2) The commission may adopt other rules that are necessary for the just and effective administration of local housing projects constructed and operated as provided by this act.

(3) All rules to be valid shall be published in a conspicuous place in each housing project operated by the commission.

**History:** Add. 1968, Act 344, Eff. Oct. 1, 1968;—Am. 1999, Act 130, Imd. Eff. July 23, 1999.

### **125.695 Minimum wages and maximum hours; contract provisions.**

Sec. 45. Any borrower or commission shall have the power, notwithstanding anything to the contrary contained in this act or in any other provision of law, to include in any contract let in connection with a housing project, stipulations requiring that the contractor and any subcontractors comply with requirements as to minimum wages and maximum hours of labor, and with any conditions which the federal government may

have attached to its financial aid of such project.

**History:** Add. 1937, Act 265, Imd. Eff. July 22, 1937;—CL 1948, 125.695.

#### **125.696 Additional powers; intent of act.**

Sec. 46. In addition to the powers conferred by other provisions of this act, any borrower shall have power to borrow money or accept grants or other financial assistance from the federal government for or in aid of any housing project, to procure or agree to the procurement of insurance or guarantees from the federal government of the payment of any bonds or parts thereof issued by such borrower, including the power to pay premiums on any such insurance, to take over or lease or manage any housing facilities, project, or undertaking constructed or owned by the federal government, and to these ends, to comply with such conditions and enter into such trust indentures, leases or agreements as may be necessary, convenient or desirable. It is the purpose and intent of this act to authorize every borrower or commission created by such borrower to do any and all things necessary or desirable to secure the financial aid or cooperation of the federal government in the purchasing, acquiring, constructing, maintaining, operating, improving, extending and/or repairing of housing facilities and/or the elimination of housing conditions which are detrimental to the public peace, health, safety, morals and/or welfare.

**History:** Add. 1937, Act 265, Imd. Eff. July 22, 1937;—CL 1948, 125.696.

#### **125.697 Promissory notes; issuance; authorization; principal and interest as indebtedness.**

Sec. 47. (1) For the purpose of providing funds for expenses and costs involved in the development of a housing project or combined projects prior to the issuance of bonds for the project or projects, or in funding the annual operations of a commission, a borrower may, in addition to all other powers granted in this act, borrow money and issue its negotiable promissory notes. The notes may be authorized by ordinance or by resolution of the borrower. Bonds and notes issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) The notes shall be made payable solely out of property or funds held or to be acquired by or for the commission, including the proceeds of the notes and property acquired, or to be acquired, which is not pledged for the payment of other obligations issued in connection with a housing project of the commission, funds received under section 27(2), or the proceeds of the sale of bonds issued to finance the development of the project or combined projects in connection with which the notes were issued. The notes shall in no event be payable out of any other funds of the borrower or from taxes.

(3) The principal of and interest upon notes issued in accordance with this act do not constitute an indebtedness of the borrower within the meaning of any state constitutional provisions or statutory limitation, and the notes shall state that fact on their face.

**History:** Add. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.697;—Am. 1974, Act 202, Imd. Eff. July 11, 1974;—Am. 1996, Act 338, Imd. Eff. June 27, 1996;—Am. 2002, Act 268, Imd. Eff. May 9, 2002.

#### **125.698 Bonds; powers of borrower.**

Sec. 48. In connection with the issuance of bonds or the incurring of obligations under leases and in order to secure the payment of such bonds or obligations, a borrower, in addition to its other powers, shall have power:

(a) To pledge all or any part of the gross or net rents, fees or revenues of the project or combined projects with respect to which the bonds are issued or the obligations incurred, whether or not such rents, fees or revenues are then in existence or may thereafter come into existence.

(b) To mortgage all or any part of such project or combined projects, whether consisting of real or personal property, and whether then owned or thereafter to be acquired in connection with such project or combined projects.

(c) To covenant against pledging all or any part of the rents, fees and revenues of such project or combined projects, or against mortgaging all or any part of such project or combined projects, to which its or the commission's right or title then exists or may thereafter come into existence or against permitting or suffering any lien on such revenues or project or combined projects or any part thereof; to covenant with respect to limitations on its or the commission's right to sell, lease or otherwise dispose of such project or combined projects or any part thereof; and to covenant as to what other, or additional obligations may be incurred by it in connection with such project or combined projects.

(d) To pledge for the payment of any or all of such bonds or obligations all or any part of any contributions received or to be received for or in aid of the project or combined projects with respect to which the bonds are issued or the obligations incurred or to covenant against pledging all or any part of any contributions.

(e) To covenant as to the bonds to be issued and as to the issuance of such bonds in escrow or otherwise,

and as to the use and disposition of the proceeds thereof; to provide for the replacement of lost, destroyed or mutilated bonds; to covenant against extending the time for the payment of such bonds or interest thereon; and to redeem the bonds, and to covenant for their redemption and to provide the terms and conditions thereof.

(f) To covenant (subject to the limitations contained in this act) as to the rents and fees to be charged in the operation of a housing project, whether constructed as a single project or as part of a combined project, the amount to be raised each year or other period of time by rents, fees and other revenues, and as to the use and disposition to be made thereof; to create or to authorize the creation of special funds for moneys held for construction or operating costs, debt service, reserves, or other purposes, and to covenant as to the use and disposition of the moneys held in such funds.

(g) To prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given.

(h) To covenant as to the use of any or all of the real or personal property held or to be held in connection with such project or combined projects; and to covenant as to the maintenance of such project or combined projects, the replacement of any part thereof, the insurance to be carried thereon and the use and disposition of the insurance moneys.

(i) To covenant as to the rights, liabilities, powers and duties arising upon the breach of any covenant, condition or obligation pertaining to such project or combined projects or to the bonds issued or obligations incurred in connection therewith; and to covenant and prescribe as to events of default and terms and conditions upon which any or all of such bonds or obligations shall become or may be declared due before maturity, and as to the terms and conditions upon which such declaration and its consequences may be waived.

(j) To vest in a trustee or trustees or the holders of bonds or any proportion of them the right to enforce the payment of the bonds or any covenants securing or relating to the bonds; to vest in a trustee or trustees the right, in the event of a default, to take possession and use, operate and manage such housing project or combined projects or part thereof, and to collect the rents and revenues arising therefrom and to dispose of such moneys in accordance with the agreement with said trustee; to provide for the powers and duties of a trustee or trustees and to limit the liabilities thereof; and to provide the terms and conditions upon which the trustee or trustees or the holders of bonds or any proportion of them may enforce any covenant or rights securing or relating to the bonds.

(k) To exercise all or any part or combination of the powers herein granted; to make covenants other than and in addition to the covenants herein expressly authorized, of like or different character; to make such covenants and to do any and all such acts and things as may be necessary or convenient or desirable in order to secure its bonds, or, in the absolute discretion of the borrower, as will tend to make the bonds more marketable notwithstanding that such covenants, acts or things may not be enumerated herein.

**History:** Add. 1938, Ex. Sess., Act 5, Imd. Eff. Sept. 8, 1938;—CL 1948, 125.698.

### **125.699-125.704 Repealed. 1996, Act 338, Imd. Eff. June 27, 1996.**

**Compiler's note:** The repealed sections pertained to board of tenant affairs.

### **125.705 Application of act.**

Sec. 55. Nothing in this act shall preclude the creation by the housing commission of any city, village or township of individual boards of tenant affairs or tenant advisory councils in individual housing projects operated by the commission.

**History:** Add. 1968, Act 344, Eff. Oct. 1, 1968.

### **125.706 Cooperative action by borrowers; scope.**

Sec. 56. Any 2 or more borrowers may join or cooperate in the exercise, either jointly or otherwise, of any power conferred in this act for the purpose of financing including the issuance of bonds, notes or other obligations and giving security with respect to housing facilities. For such purposes a cooperating borrower by resolution may agree to so cooperate and authorize any other cooperating borrower, so joining or cooperating with it, to act on its behalf with respect to any power, as its agent or otherwise, in its own name.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

### **125.707 Cooperative financing arrangement; resolution; agent borrower.**

Sec. 57. A borrower desiring to join in a cooperating financing arrangement with any other borrower shall adopt a resolution determining to enter into a cooperative financing arrangement and designating 1 of the

cooperating borrowers as agent borrower. The agent borrower by resolution shall agree to accept the designation and act in the capacity of agent borrower and direct the preparation of a financing agreement.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970.

#### **125.708 Financing agreement; preparation; terms.**

Sec. 58. The agent borrower shall cause to be prepared and executed by the cooperating borrowers a financing agreement. The agreement shall provide for:

(a) The authority of the agent borrower to undertake such financing on a continuing basis but only to the extent of the aggregate estimated total development costs of projects of the agent borrower and the cooperating borrowers, as provided in the financing agreement.

(b) The agent borrower's responsibilities relative to the issuance and sale of notes and bonds.

(c) The punctual payment of any such notes and bonds and an irrevocable promise for the payment of principal of and interest due on the notes and bonds.

(d) The purposes to which the proceeds of the notes and bonds shall be applied.

(e) The adoption of a resolution by each cooperating borrower desiring to participate in a note or bond issue of the agent borrower, authorizing and directing the agent borrower to issue in behalf of the cooperating borrower the principal amount of notes or bonds specified in the resolution.

(f) All of the things appropriate and suitable to the issuance of notes and bonds and the responsibilities of all cooperating borrowers and the agent borrower.

(g) The procedures by which cooperating borrowers may withdraw from the financing agreement and borrowers desiring to participate in the cooperative management may join in and become parties to the financing agreement.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.709 Special obligation notes or revenue bonds; authorization; issuance.**

Sec. 59. (1) For the purpose of defraying the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing a housing project for any cooperating borrower in a cooperative financing arrangement, the agent borrower may borrow money and issue its special obligation notes or revenue bonds from time to time on behalf of the agent borrower and all cooperating borrowers in accordance with the financing agreement between the agent borrower and cooperating borrowers.

(2) If bonds are to be issued for the purpose of cooperative financing, the bonds shall not be issued until authorized by an ordinance or resolution adopted by the agent borrower which shall set forth a brief description of all housing projects contemplated by the agent borrower and cooperating borrowers and the sites of the projects, time and place of payment, the rights and conditions upon the issuance of additional bonds of equal standing, any power of a borrower authorized under section 23, and other details in connection with the issuance and sale of the bonds. The bonds shall be issued in accordance with section 17. On the face of each bond shall be plainly stated substantially as follows:

“This bond is a revenue bond and the principal of and interest on this bond are exempt from all state, county, city, village, or other taxation under the laws of Michigan and are a special obligation of the borrower and are secured by statutory lien created by Act No. 18 of the Public Acts of the Extra Session of 1933 and payable solely from contractual obligations specified by a certain financing agreement dated ..... and entered into by and between .....”.

(3) If notes are to be issued for the purpose of cooperative financing, they may be authorized by a resolution adopted by the agent borrower that sets forth the time and place of payment and other details relating to the form, content, issuance, and sale of the notes.

(4) The bond ordinance or note resolution shall also make all other necessary statements that are appropriate to and suitable for the issuance of the revenue bonds or special obligation notes.

(5) The notes or bonds may be issued as provided in this act notwithstanding the provisions of any other law or charter of the incorporating units who are parties to or whose commissions are parties to a financing agreement, which provisions are now in existence or hereinafter enacted with respect to notes, bonds, or other obligations of the agent borrower.

(6) A housing project for a cooperating borrower in a cooperative financing agreement for which obligations may be issued under this section includes a housing project to be purchased or developed by a nonprofit entity with the proceeds of a loan from the cooperating borrower or agent borrower.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.709a Bond authorizing ordinance; fiscal agent; contract.**

Sec. 59a. (1) The bond authorizing ordinance shall provide for appointment of a fiscal agent and may

provide for appointment of successor fiscal agents and alternate paying agents and such fiscal agents so designated shall be qualified to act as such under the laws of this state or the United States. The ordinance shall also provide for the removal of a fiscal agent upon written request of the holders of 51% in the aggregate of the principal of bonds issued thereunder or by resolution of the agent borrower, and for the obligations, responsibilities and duties of the fiscal agent.

(2) The authorizing ordinance shall be a contract between the agent borrower, all cooperating borrowers and any holders of bonds issued thereunder.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970.

#### **125.709b Bond proceeds; payment order; execution; delivery.**

Sec. 59b. (1) The bond authorizing ordinance shall provide that the proceeds of the bonds shall be paid in the following order:

(a) To the United States in an amount equal to that portion of the development cost which is financed by the bonds issued thereunder as represented by notes of each cooperating borrower outstanding in the hands of the United States together with interest thereon to the date of payment.

(b) To the paying agent of any outstanding temporary notes of each cooperating borrower of an amount equal to that portion of development cost which is financed by the bonds issued thereunder as represented by the notes, together with interest thereon to the date of maturity, and to the principal of and interest on the notes, if the notes are outstanding and unpaid as of the delivery date of the bonds.

(c) To the fiscal agent for deposit in the debt service fund in trust for the payment of capitalized interest which becomes due on the bonds.

(d) To the fiscal agent representing the premium on the bonds issued thereunder, for deposit in the advance amortization fund.

(e) To each cooperating borrower in an amount equal to that portion of the remainder allocable to each cooperating borrower for deposit in its general fund.

(2) The officer or officers of the agent borrower specified in the bond authorizing ordinance shall execute the bonds and deliver the bonds in accordance with the terms and provisions of the ordinance and in connection therewith shall execute and deliver such instruments and do such acts and things necessary or convenient to effectuate the purpose of the bond authorizing ordinance.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970;—Am. 1996, Act 338, Imd. Eff. June 27, 1996.

#### **125.709c Revenues, disposition, purpose; fiscal agent, duties.**

Sec. 59c. The bond authorizing ordinance shall also provide for the disposition, disbursement and deposit of all revenues generated from any cooperatively financed project to insure the proper operation and maintenance of the projects and the payment of bonds and the interest thereon. The ordinance shall specify the responsibilities, duties and obligations of the fiscal agent properly to apply, disburse and otherwise set aside revenues of any project and any contractual payments made to the fiscal agent.

**History:** Add. 1970, Act 249, Imd. Eff. Dec. 30, 1970.

#### **125.709d, 125.709e Repealed. 1996, Act 338, Imd. Eff. June 27, 1996.**

**Compiler's note:** The repealed sections pertained to issuance of additional bonds and notice of sale of bonds.