STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966

Act 346 of 1966

AN ACT to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to create certain other funds and provide for the expenditure of certain funds; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments instead of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1980, Act 284, Imd. Eff. Oct. 10, 1980 ;-- Am. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 2004, Act 480, Imd. Eff. Dec. 28, 2004

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The People of the State of Michigan enact:

125.1401 Legislative determinations and findings.

Sec. 1.

(1) The legislature hereby determines that there exists in the state a seriously inadequate supply of, and a pressing need for, safe and sanitary dwelling accommodations within the financial means of low income or moderate income families or persons, including those families and persons displaced by the clearing of slums and blighted areas or by other public programs; that there exists in this state a high incidence of residential real property occupied by persons of low and moderate income which is not safe, sanitary, or adequate and that there is a pressing need for rehabilitation of that property; that large areas in municipalities have become blighted or, through programs to remove blight, have become vacant, resulting in the impairment or loss of taxable values upon which municipal revenue largely depends; that large numbers of middle and upper income persons and families have left municipalities which have high concentrations of low income persons and families resulting in a high demand for municipal services notwithstanding a low potential for generating revenues necessary to pay for those services; that the existence of blight, the inability to redevelop cleared areas, and the lack of economic integration is detrimental to the general welfare of the citizens of this state and the economic welfare of municipalities in this state; that the financing of housing for persons and families without regard to income will assist in preserving existing values of property within or adjacent to blighted or cleared areas; that economic integration will promote the financial and social stability of housing for families and persons of low and moderate income; that in order to improve and maintain the general character of municipalities having the aforesaid characteristics, it is necessary to promote the development of housing for persons and families without regard to income; that to increase the availability of safe and sanitary housing generally it is necessary to facilitate the purchase of existing housing by making financing for the purchase of existing housing available at affordable interest rates; that there are inadequate social, recreational, commercial, and communal facilities in residential areas inhabited by low income or moderate income families or persons and in areas blighted or vacant because of slum clearance, and that housing financed pursuant to this act will not be viable without adequate social, recreational, commercial, and communal facilities in the surrounding area; and that it is a valid public purpose to finance the acquisition and rehabilitation of existing housing or the construction of additional housing for those low or moderate income families and persons who would otherwise be unable to obtain adequate and affordable dwellings, to finance the rehabilitation of residential real property occupied or to be occupied by persons and families of low and moderate income who would otherwise be unable to afford the purchase or rehabilitation of residential real property which is safe, sanitary, or adequate, to finance housing for persons and families without regard to income in areas in municipalities which are experiencing blight or inability to redevelop land cleared of blight which are predominately populated by low and moderate income persons and families, to finance social, recreational, commercial, and communal facilities to serve those families or persons, to enhance authority-financed housing, to establish and provide acceleration and foreclosure procedures for authority-financed housing, and to acquire land for present or future development including that housing and

social, recreational, commercial, and communal facilities; that it is a valid public purpose to finance safe, sanitary, and adequate mobile homes, mobile home parks, and mobile home condominium projects for persons and families of low and moderate income in order to facilitate the provision of affordable housing for such persons, to finance mobile homes, mobile home parks, and mobile home condominium projects without regard to income in areas in municipalities which are experiencing blight or inability to redevelop land cleared of blight which are predominately populated by low and moderate income persons and families, and to finance social, recreational, commercial, and communal facilities in mobile home parks and mobile home condominium projects, the financing of mobile homes, mobile home parks, and mobile home condominium projects being necessary to fill a gap in the housing market.

(2) It is further determined that the supply of low and moderate cost housing available for occupancy by certain persons with disabilities and certain elderly persons is being eroded through greatly increasing rental rates, and the conversion of low and moderate cost rental units into condominium units which are then sold at prices and under financing terms which are not affordable to those persons with disabilities and elderly persons. It is further determined that it is a proper public purpose to prevent the erosion of the supply of existing low and moderate cost housing available for occupancy by certain persons with disabilities and elderly persons by taking appropriate action to prevent the displacement of those persons with disabilities and elderly persons from existing low and moderate cost housing, including the making of loans enabling those persons with disabilities and elderly persons to continue to rent the units in which they reside.

(3) It is further determined that to assure an adequate supply of safe and sanitary housing for families of low and moderate income within the financial means of those families, it is necessary to facilitate the purchase of safe and sanitary existing housing by those families; that, in addition, new single-family housing construction is inhibited by the inability of prospective purchasers to sell existing single-family residences, and that those conditions result in the reduction of the number of safe and sanitary dwellings which would otherwise be made available to persons of low and moderate income; and that the depressed economy and decreased employment in this state are detrimental to the general welfare of the citizens of this state. It is further determined that it is necessary in order to alleviate those conditions and is a valid public purpose to provide for the financing or refinancing, with the assistance of the authority, of the purchase of existing single-family residences for occupancy by low and moderate income families and families without regard to income in areas in municipalities which are experiencing blight or inability to redevelop land cleared of blight and which are predominately populated by low and moderate income persons and families.

(4) It is further determined that there exists in this state a high incidence of residential rental property which is not safe, sanitary, adequate, or energy efficient, and that there is a pressing need for the rehabilitation of residential rental property in order to preserve and improve the state's existing housing stock. It is further determined that it is necessary in order to alleviate those conditions and is a valid public purpose to provide for the financing, with the assistance of the authority, of the rehabilitation of existing residential rental property without regard to the income of the persons or entities owning the property or of the tenants of the property.

(5) It is further determined that there is a statewide pressing need for programs to alleviate and prevent conditions of unemployment in the housing industry, to preserve existing jobs and create new jobs to meet the employment demands of population growth, to promote the development of construction related business enterprises, to revitalize and diversify the Michigan economy in general, and to achieve the goals of economic growth and full employment.

(6) It is further determined that the construction and rehabilitation of safe and sanitary dwellings are necessary to the creation and retention of jobs in the state.

(7) It is further determined that the retention, promotion, and development of the housing industry require additional means of financing to help existing business enterprises expand more rapidly, to promote the location of additional business enterprises in this state, and to alleviate and prevent conditions of unemployment.

(8) It is further determined that economic conditions and single-family home mortgage market standards, activities, and practices, including forms of predatory and abusive mortgage loan financing, have resulted in an increase in the incidence of mortgage loan default and mortgage foreclosure in the state, and that there is a pressing need for the creation of programs to assist low and moderate income individuals and families with the refinancing of single-family mortgages in this state, which programs will prevent families from losing their homes and help to stabilize the housing market in this state.

(9) The legislature finds that the conditions described in subsections (1) to (8) cannot be remedied by the ordinary operation of private enterprise without supplementary public participation and that the authority and powers conferred by this act constitute a necessary program and serve a valid public purpose.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1980, Act 284, Imd. Eff. Oct. 10, 1980 ;-- Am. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1998, Act 33, Imd. Eff. Mar. 18, 1998 ;-- Am. 2008, Act 54, Imd. Eff. Apr. 3, 2008

125.1402 Short title.

Sec. 2.

This act shall be known and may be cited as the "state housing development authority act of 1966".

History: Add. 1979, Act 49, Imd. Eff. July 7, 1979
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

Chapter 1

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125.1411 Definitions.

Sec. 11.

As used in this act:

(a) "Authority" means the Michigan state housing development authority created in this act.

(b) "Development costs" means the costs that have been approved by the authority as appropriate expenditures, and includes:

(i) Payments for options to purchase properties on the proposed housing project site, deposits on contracts of purchase, or, with the prior approval of the authority, payments for the purchases of those properties.

(ii) Legal, organizational, and marketing expenses, including payment of attorneys' fees, project manager and clerical staff salaries, office rent, and other incidental expenses.

(iii) Payment of fees for preliminary feasibility studies, advances for planning, engineering, and architectural work.

(iv) Expenses for surveys as to need, and market analyses.

(v) Necessary application and other fees to federal and other government agencies.

(vi) Other expenses incurred by the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association that the authority considers appropriate to effectuate the purposes of this act.

(c) "Federally-aided mortgage" means any of the following:

(i) A below market interest rate mortgage insured, purchased, or held by the secretary of the department of housing and urban development.

(ii) A market interest rate mortgage insured by the secretary of the department of housing and urban development and augmented by a program of rent supplements.

(iii) A mortgage receiving interest reduction payments provided by the secretary of the department of housing and urban development.

(iv) A mortgage on a housing project to which the authority allocates low income housing tax credits under section 22b.

(v) A mortgage receiving special benefits under other federal law designated specifically to develop low and moderate income housing, consistent with this act.

(d) "Fund" means the housing development fund created by this act.

(e) "Project cost" means the sum total of all reasonable or necessary costs incurred by the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association for carrying out all works and undertakings for the completion of a housing project and approved by the authority. In addition to other reasonable and necessary costs, "project costs" includes costs for all of the following: studies and surveys; plans, specifications, and architectural and engineering services; legal, organization, marketing, or other special services; financing, acquisition, demolition, construction, equipment, and site development of new and rehabilitated buildings; movement of existing buildings to other sites; rehabilitation, reconstruction, repair, or remodeling of existing buildings; carrying charges during construction; the cost of placement of tenants or occupants, and relocation services in connection with a housing project; and, to the extent not already included, all development costs.

(f) "Housing project" means any of the following:

(i) Residential real property developed or to be developed or receiving benefits under this act.

(ii) A specific work or improvement either for rental or for subsequent sale to an individual purchaser undertaken by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association pursuant to or receiving benefits under this act to provide dwelling accommodations, including the acquisition, construction, or rehabilitation of lands, buildings, and improvements.

(iii) Social, recreational, commercial, and communal facilities that the authority finds necessary to serve and improve a residential area in which housing described in subparagraph (i) or (ii) is located or is planned to be located, thereby enhancing the viability of the housing.

(g) "Low income or moderate income persons" means families and persons who cannot afford to pay the amounts at which private enterprise, without federally-aided mortgages or loans from the authority, is providing a substantial supply of decent, safe, and sanitary housing and who fall within income limitations set in this act or by the authority in its rules. Among low income or moderate income persons, preference shall be given to the elderly and those displaced by urban renewal, slum clearance, or other governmental action.

(h) "Municipality" means a city, village, or township in this state.

(i) "County" means a county within this state.

(j) "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 county board of commissioners.

(k) "Nonprofit housing corporation" means a nonprofit corporation incorporated under the corporation laws of this state and chapter 4.

(l) "Consumer housing cooperative" means a nonprofit corporation incorporated pursuant to the corporation laws of this state and chapter 5.

(m) "Annual shelter rent" means the total collections during an agreed annual period from all occupants of a housing project representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

(n) "Taxing jurisdiction" means a municipality, county, or district, including a school district or any special district having the power to levy or collect taxes upon real property or in whose behalf taxes may be levied or collected.

(o) "Elderly" means a single person who is 55 years of age or older or a household in which at least 1 member is 55 years of age or older and all other members are 50 years of age or older.

(p) "Housing development" means a development that contains a significant element of housing for persons of low or moderate income and elements of other housing and commercial, recreational, industrial, communal, and educational facilities that the authority determines improve the quality of the development as it relates to housing for persons of low or moderate income.

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

(r) "Residential real property" means real property located in this state, used for residential purposes, and improved or to be improved by a residential structure. Residential real property includes a mobile home, a mobile home park, and a mobile home condominium project. When the terms "rehabilitate" or "rehabilitation" are used in conjunction with residential real property, residential real property refers to property improved by a residential structure.

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

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

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

(i) An area located in a city with a population of at least 10,000, which area is either designated as a "blighted area" by a local legislative body pursuant to 1945 PA 344, MCL 125.71 to 125.84, or which area is determined by the authority to be blighted or largely vacant by reason of clearance of blight, if, with respect to the area, the authority determines all of the following:

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

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

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

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

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

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

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

(iii) An area located in a local unit of government certified by the Michigan enterprise zone authority as meeting the criteria prescribed in section 2(d) of the neighborhood enterprise zone act, 1992 PA 147, MCL 207.772.

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

(w) "Mobile home condominium project" means a condominium project in which mobile homes are intended to be located upon separate sites that constitute individual condominium units and that complies with the condominium act, 1978 PA 59, MCL 559.101 to 559.276.

(x) "Mobile home park" means a parcel or tract of land under the control of a person or entity upon which 3 or more mobile homes are located on a continual, nonrecreational, residential basis and that is offered to the public for general public use for continual, nonrecreational, residential purposes regardless of whether a charge is made for that use, together with any social, recreational, commercial, and communal facilities used or intended for use incident to the occupancy of a mobile home. Mobile home park does not include trailer parks and courts for use on a transient basis.

(y) "Mobile home park association" means a mobile home park association organized and qualified in accordance with chapter 9.

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

(aa) "Housing unit" means living accommodations that are intended for occupancy by up to 4 families, with a separate dwelling unit for each family, that may be site constructed or may be a mobile home or other form of manufactured housing, and with respect to which either of the following applies:

(i) The owner of the housing occupies at least 1 of the dwelling units.

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

(bb) "Moderate cost residential rental property" means dwelling units for which the rental payments are equal to or less than that established from time to time as the fair market rents for existing housing in accordance with 1 of the following:

(i) The section 8 leased housing program established under section 8 of the United States housing act of 1937, 42 USC 1437f, and the regulations promulgated under that act, or a substantially equivalent successor federal program.

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

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

(dd) "Mortgage lender" means a state or national bank, state or federal savings and loan association, mortgage company, insurance company, state pension fund, or any other financial institution, intermediary, or entity authorized to make mortgage loans in this state.

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

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

(gg) "Family income" means all income that is included in a determination of family income under section 143(f) of the internal revenue code, 26 USC 143(f), together with the income of all adults who will reside in the residence, which income might otherwise be excluded from consideration because the individual was not expected to both live in the residence and be primarily or secondarily liable on the mortgage note.

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

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

(jj) "Internal revenue code" means the United States internal revenue code of 1986.

(kk) "Internal revenue code of 1954" means the United States internal revenue code of 1954 as in effect on the day immediately before the effective date of the internal revenue code of 1986.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1969, Act 109, Imd. Eff. July 24, 1969 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1987, Act 180, Imd. Eff. Nov. 25, 1987

;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2004, Act 549, Imd. Eff. Jan. 3, 2005

Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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

125.1412 Liberal construction.

Sec. 12.

This act, being necessary for and to secure the public health, safety, convenience, and welfare of the citizens of the state, shall be liberally construed to effect its public purposes.

History: Add. 1987, Act 180, Imd. Eff. Nov. 25, 1987

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125.1415 Repealed. 1968, Act 334, Imd. Eff. July 14, 1968.

Compiler's Notes: The repealed section pertained to nonprofit housing corporation tax exemption and payments in lieu of taxes.

125.1415a Exemption of housing project from taxes; filing certified notification of exemption with local assessing authority; annual service charge; amount; duration of exemption; distribution of payments for public services; exceptions; payment of service charge equal to full amount of taxes; reduced housing charges; "low income individuals or families" defined; rules; reimbursement prohibited; additional definitions.

Sec. 15a.

(1) Except as otherwise provided in this section, the following are exempt from all ad valorem property taxes imposed by this state or by any political subdivision, public body, or taxing district in which the project is located:

(a) A housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association that is financed with a federally-aided or authority-aided mortgage or advance or grant from the authority.

(b) A housing project that is being developed or rehabilitated for workforce housing that is located in a municipality and is subject to a municipal ordinance that is adopted by the governing body of that municipality to approve a housing project for tax exemption under this subdivision. The approval or denial of a tax exemption under this subdivision must be in accordance with an ordinance or resolution concerning the selection of workforce housing projects that is adopted by the governing body.

(2) The owner of a housing project eligible for an exemption under subsection (1) must file with the local assessing officer a notification of the exemption. The notification must be in an affidavit form as provided by the authority. The owner must first submit the completed affidavit form to the authority for certification by the authority that the project is eligible for the exemption. The owner must then file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin. If the housing project is eligible for an exemption under subsection (1)(b), not later than 5 business days after receipt of the certified notification of the exemption, the local assessing officer shall provide a copy of the certified notification of the exemption to the treasurer of the county in which the housing project is located.

(3) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. All of the following apply to the amount that an owner must pay as a service charge under this subsection:

(a) The owner must pay an annual service charge in accordance with the following:

(i) Subject to subdivisions (b), (c), (d), and (e), for a new construction project, an amount that is the greater of the tax on the property on which the project is located for the tax year preceding the date on which construction is commenced or 10% of the annual shelter rents obtained from the project.

(ii) Subject to subdivisions (b), (c), (d), and (e), for a rehabilitation project, an amount that is the lesser of the tax on the property on which the project is located for the tax year preceding the date on which rehabilitation is commenced or 10% of the annual shelter rents obtained from the project.

(b) Subject to subdivisions (c), (d), and (e), a municipality, by ordinance, may establish or change, by any amount it chooses, the service charge paid under subdivision (a) in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge must not exceed the amount in taxes that an owner would have otherwise paid if the housing project were not tax exempt.

(c) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(a) and occupied by individuals or families other than low-income individuals or families must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to low-income individuals or families or to the maintenance and preservation of the housing project as a safe, decent, and sanitary affordable housing.

(d) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(b) and not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(e) The annual service charge under subdivision (a) for a housing project that is tax exempt under subsection (1)(b) must be increased by the additional amount if both of the following requirements are met:

(i) Not later than 45 days after the treasurer of the county's receipt of the certified notification of the exemption under subsection (2), the county board of commissioners for that county passes a resolution, by majority vote, that provides that the additional amount must be paid under this subdivision.

(ii) The approval of the resolution described in subparagraph (i) is in accordance with an ordinance or resolution adopted by the county board of commissioners concerning the factors to be considered in applying this subdivision.

(4) The exemption from taxation granted by subsection (1)(a), or approved by a governing body under subsection (1)(b), must remain in effect in accordance with the following:

(a) For a housing project described under subsection (1)(a), for as long as the federally-aided or authority-aided mortgage or advance or grant from the authority is outstanding, but not more than 50 years. The municipality may establish by ordinance a different period of time for the exemption to remain in effect.

(b) For a housing project described in subsection (1)(b), if the housing project remains subject to a covenant running with the land that restricts the use of the housing project to workforce housing, not to exceed 15 years.

(5) Except as otherwise provided in this subsection and subsection (6), any payments for public services received by a municipality in lieu of taxes under this section must be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units must be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those purposes in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the distribution is calculated. For tax years after 1993, the amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection must not be distributed to the local school district but instead must be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) An additional amount received under subsection (3)(e) must be distributed to the county in which the housing project is located.

(7) Notwithstanding subsection (1)(a), a municipality may provide by ordinance that the tax exemption established in subsection (1) does not apply to all or any class of housing projects within its boundaries to which subsection (1)(a) applies. If the municipality makes that provision, the tax exemption established in subsection (1)(a) does not apply to the class of housing projects designated in the ordinance. If the ordinance so provides, the ordinance is effective with respect to housing projects for which an exemption has already been granted on December 31 of the year in which the ordinance is adopted, but not before. A municipality that has adopted an ordinance described in this subsection may repeal that ordinance, and the repeal is effective on the date designated in the repealing ordinance.

(8) For purposes of this section only, "low-income individuals or families" means, with respect to any housing project that is tax exempt, individuals and families eligible to move into that project, as defined by the authority under its rules or a municipality by ordinance. For purposes of this subsection, the authority may promulgate rules to redefine low-income individuals or families or a municipality may by ordinance redefine low-income individuals or families for each municipality on the basis of conditions existing in that municipality.

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(9) This state shall not reimburse any unit of government for a tax exemption granted to any housing project under this section.

(10) As used in this section:

(a) "Additional amount" means an amount equal to the difference between the following:

(i) The millage rate levied for operating purposes by the county in which the housing project is located multiplied by the current taxable value of that housing project.

(ii) The amount of the annual service charge paid by the housing project under subsection (3)(a) that is distributed to the county in which the housing project is located under subsection (5).

(b) "Area median income" means that term as defined in section 59.

(c) "Taxable value" means taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(d) "Workforce housing" means rental units or other housing options that are reasonably affordable to, and occupied by, a household whose total household income is not greater than 120% of the area median income and published by the United States Department of Housing and Urban Development.

History: Add. 1968, Act 334, Imd. Eff. July 14, 1968 ;-- Am. 1969, Act 109, Imd. Eff. July 24, 1969 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1994, Act 363, Imd. Eff. Dec. 27, 1994 ;-- Am. 2022, Act 239, Imd. Eff. Dec. 13, 2022

Compiler's Notes: Section 2 of Act No. 363 of the Public Acts of 1994 provides:"The provisions of this amendatory act, providing that the exemption from taxes provided in section 15a of this act be limited to ad valorem property taxes, are curative expressing the original intent of the legislature that the exemption extends only to ad valorem property taxes and does not apply to the other taxes levied under Michigan law."

Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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125.1417 Advisory and other services.

Sec. 17.

The authority may provide to any organization or person participating or intending to participate in the development, design, or management of authority-assisted housing or in the contracting or subcontracting of the construction or rehabilitation of authority-assisted housing, such advisory, consultative, technical, training, and educational services as will assist them to more effectively provide authority-assisted housing. Advisory and educational services may include but are not necessarily limited to technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

Chapter 2

125.1421 Michigan state housing development authority; creation; composition; appointment, qualifications, and terms of members; vacancy; expenses; certificate of appointment or reappointment; designated resident members; powers vested in members; quorum; actions of authority; findings of fact; meetings; chairperson and vice-chairperson; officers, agents, and employees; delegation of powers and duties; relationship to department of consumer and industry services; "section 8" defined.

Sec. 21.

(1) There is created a public body corporate and politic to be known as the "Michigan state housing development authority". The authority shall consist of 3 heads of principal departments of the executive branch of the state government and 4 persons appointed by the governor with the advice and consent of the senate. Excluding the 3 heads of principal departments of the executive branch of state government and the designated resident member

described in subsection (2), not more than 2 of the individuals appointed shall be members of the same political party. Upon completion of each term, an individual shall be appointed for a term of 4 years, except that a vacancy must be filled for the unexpired term. A member of the authority shall not receive compensation for services but is entitled to the necessary expenses, including traveling expenses, incurred in the discharge of the member's duties. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of a member must be filed with the authority and this certificate is conclusive evidence of the proper appointment of that member.

(2) If federal law requires designation of a resident member on the authority, the number of gubernatorially appointed members, in addition to the 3 heads of principal departments, increases from 4 to 5. One of the 5 gubernatorially appointed members shall be the designated resident member. The resident member shall meet both of the following requirements:

(a) The individual is an individual that is directly assisted by a federal housing program administered through the authority. As used in this subdivision, "directly assisted" means residing in federally supported public housing or receiving section 8 tenant-based assistance. Directly assisted does not include a state-financed housing assistance program, section 8 project-based assistance, or section 8 new construction assistance.

(b) The individual is an eligible resident. As used in this subdivision, "eligible resident" means an individual whose name appears on the lease of the assisted housing and who is 18 years of age or older.

(3) An individual who no longer meets either requirement of subsection (2)(a) or (b) is removed from the authority for cause upon the appointment of another individual to the resident member position.

(4) The powers of the authority are vested in the members in office. A majority of the members of the authority constitutes a quorum for the purpose of conducting the authority's business, for exercising the authority's powers, and for other purposes, notwithstanding the existence of any vacancies. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number. The resident member shall not take part in, vote on, or exercise the powers of the authority in a matter that uniquely applies to the resident member and is not generally applicable to all residents. In the absence of fraud, a determination of the authority with respect to findings of fact made by the authority acting within the scope of its powers is conclusive, except with respect to the approval of the municipal finance commission or its successor agency as required by law.

(5) Meetings of the members of the authority may be held anywhere in this state. The business that the authority may perform must be conducted at a public meeting of the authority held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting must be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(6) The authority shall elect a chairperson and vice-chairperson. The authority shall employ an executive director, legal and technical experts, and other officers, agents, and employees, permanent and temporary, as the authority requires, and shall determine their qualifications, duties, and compensation. The authority may delegate to 1 or more agents or employees those powers or duties as the authority considers proper.

(7) The authority shall be within the department of labor and economic opportunity and shall exercise the authority's prescribed statutory powers, duties, and functions independently of the head of that department. However, the budgeting, procurement, and related functions of the authority must be performed under the direction and supervision of the director of the department of labor and economic opportunity.

(8) As used in this section, "section 8" means section 8 of the United States housing act of 1937, 42 USC 1437f.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1977, Act 161, Imd. Eff. Nov. 8, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1983, Act 49, Imd. Eff. May 16, 1983 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2024, Act 192, Eff. Apr. 2, 2025

Compiler's Notes: For transfer of powers and duties of Michigan state housing development authority from department of energy, labor, and economic growth to department of treasury, see E.R.O. No. 2010-2, compiled at MCL 12.194.For transfer of Michigan state housing development authority to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.For transfer of the Michigan state housing development authority from the department of talent and economic development to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

125.1422 Powers of authority.

Sec. 22.

The authority possesses all powers necessary or convenient to carry out this act, including the following powers in addition to other powers granted by other provisions of this act:

(a) To sue and to be sued; to have a seal and to alter the seal at pleasure; to have perpetual succession; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority; and to make, amend, and repeal bylaws and rules.

(b) To undertake and carry out studies and analyses of housing needs within this state and ways of meeting those needs, including data with respect to population and family groups, the distribution of population and family groups according to income, and the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, and other factors affecting housing needs and the meeting of housing needs; to make the results of those studies and analyses available to the public and the housing and supply industries; and to engage in research and disseminate information on housing.

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

(d) To survey and investigate housing conditions and needs, both urban and rural, throughout this state and make recommendations to the governor and the legislature regarding legislation and other measures necessary or advisable to alleviate any existing housing shortage in this state.

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

(f) To encourage community organizations to assist in initiating housing projects as provided in this act.

(g) To encourage the salvage of all possible usable housing scheduled for demolition because of highway, school, urban renewal, or other programs by seeking authority for the sponsors of the programs to use funds provided for the demolition of the buildings, to be allocated to those sponsors approved by the authority to defray moving and rehabilitation costs of the buildings.

(h) To engage and encourage research in, and to formulate demonstration projects to develop, new and better techniques and methods for increasing the supply of housing for persons eligible for assistance as provided in this act; and to provide technical assistance in the development of housing projects and in the development of programs to improve the quality of life for all the people of this state.

(i) To make or purchase loans, including loans for condominium units as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104, and including loans to mortgage lenders, which are unsecured or the repayments of which are secured by mortgages, security interests, or other forms of security; to purchase and enter into commitments for the purchase of securities, certificates of deposits, time deposits, or mortgage loans from mortgage lenders; to participate in the making or purchasing of unsecured or secured loans and undertake commitments to make or purchase unsecured or secured loans; to sell mortgages, security interests, notes, and other instruments or obligations evidencing or securing loans, including certificates evidencing interests in 1 or more loans, at public or private sale; in connection with the sale of an instrument or obligation evidencing or securing 1 or more loans, to service, guarantee payment on, or repurchase the instrument or obligation, whether or not it is in default; to modify or alter mortgages and security interests; to foreclose on any mortgage, security interest, or other form of security; to finance housing units; to commence an action to protect or enforce a right conferred upon the authority by law, mortgage, security agreement, contract, or other agreement; to bid for and purchase property that was the subject of the mortgage, security interest, or other form of security, at a foreclosure or at any other sale, and to acquire or take possession of the property. Upon acquiring or taking possession of the property, the authority may complete, administer, and pay the principal and interest of obligations incurred in connection with the property, and may dispose of and otherwise deal with the property in any manner necessary or desirable to protect the interests of the authority in the property. If the authority or an entity that provides mortgage insurance to the authority acquires property upon the default of a borrower, the authority may make a mortgage loan to a subsequent purchaser of that property even if the purchaser does not meet otherwise applicable income limitations and purchase price limits.

(j) To set standards for housing projects that receive loans under this act and to provide for inspections to determine compliance with those standards. The standards for construction and rehabilitation of mobile homes, mobile home parks, and mobile home condominium projects shall be established jointly by the authority and the mobile home commission, created in section 3 of the mobile home commission act, 1987 PA 96, MCL 125.2303. However, financing standards shall be established solely by the authority.

(k) To accept gifts, grants, loans, appropriations, or other aid from the federal, state, or local government, from a subdivision, agency, or instrumentality of a federal, state, or local government, or from a person, corporation, firm, or other organization.

(l) To acquire or contract to acquire from a person, firm, corporation, municipality, or federal or state agency, by grant, purchase, or otherwise, leaseholds or real or personal property, or any interest in a leasehold or real or personal property; to own, hold, clear, improve, and rehabilitate and to sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber any interest in a leasehold or real or personal property. This

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act shall not impede the operation and effect of local zoning, building, and housing ordinances, ordinances relating to subdivision control, land development, or fire prevention, or other ordinances having to do with housing or the development of housing.

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

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

(o) To promulgate rules necessary to carry out the purposes of this act and to exercise the powers expressly granted in this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(p) To enter into agreements with nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations that provide for regulation by the authority of the planning, development, and management of any housing project undertaken by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations and that provide for the disposition of the property and franchises of those corporations, cooperatives, and associations.

(q) To appoint to the board of directors of a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association, a number of new directors sufficient to constitute a majority of the board notwithstanding other provisions of the articles of incorporation or other provisions of law. Directors appointed under this subsection need not be stockholders or members or meet other qualifications that may be described by the certificate of incorporation or bylaws. In the absence of fraud or bad faith, directors appointed under this subsection shall not be personally liable for debts, obligations, or liabilities of the corporation or association. The authority may appoint directors under this subsection only if 1 or more of the following occur:

(i) The nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association has received a loan or advance, as provided for in this act, and the authority determines that the loan or advance is in jeopardy of not being repaid.

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

(iii) The authority determines that some part of the net income or net earnings of the nonprofit housing corporation is inuring to the benefit of a private individual, firm, corporation, partnership, or association; the authority determines that an unreasonable part of the net income or net earnings of the consumer housing cooperative is inuring to the benefit of a private individual, firm, corporation, partnership, or association; or the authority determines that some part of the net income or net earnings of the limited dividend housing corporation, in excess of that permitted by other provisions of this act, is inuring to the benefit of a private individual, firm, corporation, partnership, or association.

(iv) The authority determines that the nonprofit corporation or consumer housing cooperative is in some manner controlled by, under the direction of, or acting in the substantial interest of a private individual, firm, corporation, partnership, or association seeking to derive benefit or gain from, or seeking to eliminate or minimize losses in any dealings or transactions with, the nonprofit corporation or consumer housing cooperative. However, this subparagraph shall apply to individual cooperators in consumer housing cooperatives only in circumstances defined by the authority in its rules.

(v) The authority determines that the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association is in violation of the rules promulgated under this section.

(vi) The authority determines that the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association is in violation of 1 or more agreements entered into with the authority that provide for regulation by the authority of the planning, development, and management of a housing project undertaken by the nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association or that provide for the disposition of the property and franchises of the corporation, cooperative, or association.

(r) To give approval or consent to the articles of incorporation submitted to the authority by a corporation seeking approval as a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, or mobile home park corporation under chapter 4, 5, 6, or 8; to give approval or consent to the partnership agreement, joint venture agreement, trust agreement, or other document of basic organization of a limited dividend housing association under chapter 7 or mobile home park association under chapter 9.

(s) To engage the services of private consultants on a contract basis for rendering professional and technical assistance and advice.

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

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

(v) To set forth in the various loan documents of the authority those restrictions on the sale, conveyance by land contract, or transfer of residential real property, housing projects, or housing units for which a note is held by the authority and restrictions on the assumption by subsequent purchasers of loans originated by and held by, or originated for purchase by and held by, the authority as the authority determines to be necessary in order to comply with requirements of federal statutes, federal rules or regulations promulgated under 5 USC 551 to 559, state statutes, or state rules promulgated under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, or to obtain and maintain the tax exempt status of authority bonds and notes. However, the authority shall not use a due on sale or acceleration clause solely for the purpose of renegotiating the interest rate on a loan made with respect to an owner-occupied single-family housing unit. Without limiting the authority's power to establish other restrictions, as provided in this section, on the sale, conveyance by land contract, or transfer of residential real property, housing projects, or housing units for which a note is held by the authority and the assumption by subsequent purchasers of loans made or purchased by the authority, the authority shall provide in its loan documents relating to a single family loan that the single family loan may be assumed by a new purchaser only when the new purchaser qualifies under the authority income limitations rules, unless such a restriction diminishes or precludes the insurance or a guarantee by an agency of the federal government with respect to the single family loan. A loan made for a mobile home that the borrower does not intend to permanently affix to real property shall become immediately due and payable if the mobile home is moved out of the state. Any restrictions on conveyance by sale, conveyance by land contract, or transfer that are authorized in this section shall apply only to loans originated by and held by, or originated for purchase by and held by, the authority and may, at the option of the authority, be enforced by accelerating and declaring immediately due and payable all sums evidenced by the note held by the authority. An acceleration and declaration of all sums to be due and payable on conveyance by sale, land contract, or transfer is not an unreasonable restraint on alienation. An acceleration and declaration, unless otherwise prohibited in this subdivision, of all sums to be due and payable under this subdivision is enforceable in any court of competent jurisdiction. This subdivision is applicable to secured and unsecured loans. This subdivision is also applicable to loan documents utilized in conjunction with an authority-operated program of residential rehabilitation by an entity cooperating or participating with the authority under section 22a(4), if the loans are originated with the intent to sell those loans to the authority.

(w) To set forth in the various loan documents of the authority remedies for the making of a false statement, representation, or pretense or a material misstatement by a borrower during the loan application process. Without limiting the authority's power to pursue other remedies, the authority shall provide in its loan documents that, if a borrower makes a false statement, representation, or pretense or a material misstatement during the loan application process, the authority, at its option, may accelerate and declare immediately due and payable all sums evidenced by the note held by the authority. An acceleration and declaration of all sums to be due and payable as provided in this subdivision is enforceable in any court of competent jurisdiction. This subdivision is applicable to secured and unsecured loans.

(x) To collect interest on a real estate loan, the primary security for which is not a first lien on real estate, at the rate of 15% or less per annum on the unpaid balance. This subdivision does not impair the validity of a transaction or rate of interest that is lawful without regard to this subdivision.

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

(z) To verify for the state treasurer statements submitted by a city, village, township, or county as to exempt properties under section 7d of the general property tax act, 1893 PA 206, MCL 211.7d.

(aa) For the purpose of more effectively managing its debt service, to enter into an interest rate exchange or swap, hedge, or similar agreement with respect to its bonds or notes on the terms and payable from the sources and with the security, if any, as determined by a resolution of the authority.

(bb) To make working capital loans to contractors or subcontractors on housing projects financed by the authority. The authority shall submit an annual report to the legislature containing the amount, recipient, duration, circumstance, and other related statistics for each capital loan made to a contractor or subcontractor under this subdivision. The authority shall include in the report statistics related to the cost of improvements made to adapt property for use by disabled individuals as provided in section 32b or 44.

(cc) Subject to rules of the civil service commission, to adopt a code of ethics with respect to its employees that requires disclosure of financial interests, defines and precludes conflicts of interest, and establishes reasonable post-employment restrictions for a period of up to 1 year after an employee terminates employment with the authority.

(dd) To impose covenants running with the land in order to satisfy requirements of applicable federal law with respect to housing assisted or to be assisted through federal programs such as the low income housing tax credit program or the home investment partnerships program. These covenants shall be imposed by executing and

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recording regulatory agreements between the authority, or a municipality or other entity designated by the authority, and the person or entity to be bound. The covenants shall run with the land and be effective with respect to the parties making the covenants and other intended beneficiaries of the covenants, even though there is no privity of estate or privity of contract between the authority and the persons or entities to be bound.

(ee) To impose covenants running with the land in order to satisfy requirements of applicable state or federal law with respect to housing financed by the authority. These covenants shall be imposed by executing and recording regulatory agreements between the authority and the person or entity to be bound. The covenants shall run with the land and be effective with respect to the parties making the covenants and other intended beneficiaries of the covenants, even though there is no privity of estate or privity of contract between the authority and the persons or entities to be bound. With respect to any applicable environmental laws, this subdivision does not grant to the authority any additional rights, privileges, or immunities not otherwise afforded to a private lender that is not in the chain of title for the land.

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

(gg) To invest, under the conditions prescribed in this subdivision and without the consent of the escrow depositors, up to 20% of funds held, by or for the authority, in escrow accounts for the benefit of the authority or mortgagors of authority-financed housing. The investments under this subdivision shall be made in loans originated or purchased by the authority for construction or rehabilitation of multifamily housing developments for occupancy by persons or families without regard to income. In connection with loans described in this subdivision, the authority may charge and retain fees in amounts similar to those charged with respect to similar loans for which the source of funding does not come from escrow accounts. For purposes of this subdivision, "escrow account" means any account or reserve held by the authority and established in a mortgage or a regulatory agreement to which the authority is a party or which has been assigned to the authority. However, for purposes of this subdivision, escrow account does not include any account labeled in the associated regulatory agreement as "development cost escrow principal" or "operating assurance reserve". For purposes of this subdivision, "multifamily housing development" means a development in which not less than 50% of the floor space is used primarily for residential purposes. The investment authorized by this subdivision shall not be made unless both of the following requirements are met:

(i) The return on the loan is approximately equivalent to that which could be obtained from investments of substantially similar credit quality and maturity, as determined by the authority.

(ii) The authority agrees to pay with its own funds the principal balance of any loan, made with the escrow funds, that becomes delinquent in excess of 30 days. This subdivision does not obligate the authority to purchase a delinquent loan so long as with respect to that loan the authority pays to the escrow funds from its own funds the amount of the delinquent payments. The authority's election to pay the delinquent payments to the escrow funds does not in any manner abate or cure the delinquency of the loan and the authority may resort to any remedies that would exist in the absence of that payment.

(hh) To acquire, develop, rehabilitate, own, operate, and enter into contracts with respect to the management and operation of real and personal property to use as office facilities by the authority and to enter into leases with respect to facilities not immediately necessary for the activities of the authority.

(ii) To make loans to certain qualified buyers and resident organizations and to make grants to resident organizations as provided in the following:

(i) The urban homestead act, 1999 PA 127, MCL 125.2701 to 125.2709.

(ii) The urban homesteading on vacant land act, 1999 PA 129, MCL 125.2741 to 125.2748.

(iii) The urban homesteading in single-family public housing act, 1999 PA 128, MCL 125.2761 to 125.2770.

(iv) The urban homesteading in multifamily public housing act, 1999 PA 84, MCL 125.2721 to 125.2734.

(jj) To implement and administer a housing and community development program as described in this act.

(kk) To implement, administer, or execute administrative, substantive, or supervisory powers pursuant to the individual or family development account program act, 2006 PA 513, MCL 206.901 to 206.911.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1987, Act 180, Imd. Eff. Nov. 25, 1987 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1990, Act 330, Imd. Eff. Dec. 21, 1990 ;-- Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 1998, Act 33, Imd. Eff. Mar. 18, 1998 ;-- Am. 1999, Act 131, Imd. Eff. July 23, 1999 ;-- Am. 2002, Act 385, Imd. Eff. May 30, 2002 ;-- Am. 2008, Act 216, Imd. Eff. July 16, 2008 ;-- Am. 2008, Act 449, Imd. Eff. Jan. 9, 2009 ;-- Am. 2012, Act 327, Imd. Eff. Oct. 9, 2012

Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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

125.1422a Rehabilitation of residential real or rental property; loans, grants, or deferred payment loans to persons and families of low and moderate income; loans to persons in areas of chronic economic stress and to persons located elsewhere in state; powers of authority; participation or cooperation with governing bodies, private organizations, or public organizations; plan; selection of neighborhoods.

Sec. 22a.

(1) In addition to the powers described in section 22, the authority may purchase, make, or otherwise participate in the making and may enter into commitments for the purchase, making, or participation in the making of loans, grants, or deferred payment loans to persons and families of low and moderate income for the rehabilitation of residential real property owned or to be owned by them or the authority may, without regard to the income of the owners or occupants of residential rental property, purchase, make, or otherwise participate in the making and may enter into commitments for the purchase, making, or participation in the making of loans for the rehabilitation of residential rental property to persons or entities owning residential rental property located in areas of chronic economic distress or to persons or entities owning moderate cost residential rental property located elsewhere in this state.

(2) In connection with the loans, grants, and deferred payment loans the authority may do any of the following:

(a) Sell mortgages and security interests at public or private sale.

(b) Modify or alter mortgages and security interests.

(c) Foreclose on a mortgage, security interest, or other form of security.

(d) Commence an action to protect or enforce a right conferred upon it by law, mortgage, security agreement, contract, or other agreement.

(e) Bid for and purchase property which was the subject of the mortgage, security interest, or other form of security at a foreclosure or at any other sale.

(f) Acquire or take possession of the property.

(3) If the authority takes any action under subsection (2), the authority may complete, administer, pay the principal and interest or obligations incurred in connection with the property, dispose of, and otherwise deal with, the property, in a manner necessary or desirable to protect the interests of the authority in the property.

(4) The authority may participate or cooperate with a governing body, or a subdivision or agency or instrumentality of a governing body, or any other private or public organization in planning or implementing programs of residential rehabilitation involving the purchase, making, or participation in loans, grants, or deferred payment loans to persons and families of low and moderate income. The participation or cooperation may involve a concentration of loan, grant, and deferred payment loan activity in particular neighborhoods. Before engaging in that participation or cooperation with a governing body or a subdivision or agency or instrumentality of a governing body, the authority shall receive from the governing body to be involved in the program a plan embracing the entire geographical area of the governing body. The plan shall do the following:

(a) Address by neighborhood the need for housing conservation, rehabilitation, and redevelopment.

(b) Indicate a substantial degree of coordination between the program to be instituted pursuant to this section and other governmental and private programs then in operation which may assist in conserving, rehabilitating, or redeveloping neighborhoods.

(c) Indicate to the extent possible the nature and source of revenues which are or are projected to be available to implement the plan.

(d) Indicate priorities in implementing the plan.

(5) Neighborhoods selected for housing conservation and rehabilitation under this section shall be determined upon mutual agreement of the authority and the governing body involved.

History: Add. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982

125.1422b Designation of authority as housing credit agency; purpose; amount of housing credit ceiling; qualification of applicant; allocation plan; distribution; setting aside allocable amounts; reapportionment of

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unallocated credit amounts; applications for low income housing tax credit; fees; "rural housing projects" defined.

Sec. 22b.

(1) The authority is designated as the housing credit agency for the state for the purpose of allocating and administering the low income housing credit established under section 42 of the internal revenue code of 1986.

(2) The state's housing credit ceiling applicable for a calendar year shall be an amount equal to the sum of all of the following:

(a) One dollar and twenty-five cents multiplied by the state's population, unless a different amount is authorized by section 42 of the internal revenue code of 1986. The state's population shall be determined by the most recent census estimates of the state's population published by the United States bureau of census before the beginning of the calendar year or by another method as authorized by the internal revenue code of 1986.

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

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

(d) The amount, if any, allocated to the state under section 42(h)(3)(D) of the internal revenue code of 1986.

(3) An applicant for an allocation of low income housing tax credit shall be qualified to receive the credit pursuant to the requirements of the internal revenue code of 1986 and the regulations, guidelines, rulings, and interpretations issued by the United States treasury department or the internal revenue service, that controls in the event of conflict with a requirement of this section.

(4) The state's low income housing tax credit is allocable pursuant to a qualified allocation plan prepared by the authority, submitted to the legislature, and approved by the governor after notice to the public and public hearing. The plan shall set forth criteria to be used to determine housing priorities of the state, and shall give the highest priority to those projects in which the highest percentage of the housing credit dollar amount is to be used for project costs other than the cost of intermediaries, unless granting such priority would impede the development of projects in hard-to-develop areas. In allocating low income housing tax credit dollar amounts among selected projects, the allocation plan shall give preference to projects serving the lowest income tenants and projects obligated to serve qualified tenants for the longest periods, and shall provide a procedure that the authority will follow in notifying the internal revenue service of noncompliance with the provisions of section 42 of the internal revenue code of 1986 of which the authority becomes aware. The plan shall set forth the process for selecting eligible projects and may be amended from time to time in accordance with its terms and the requirements of section 42 of the internal revenue code of 1986. The selection criteria in the qualified allocation plan shall include those set forth in section 42 of the internal revenue code of 1986.

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

(a) Qualified nonprofit organizations as required by section 42 of the internal revenue code of 1986 - not less than 10%.

(b) Rural housing projects - not less than 5%.

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

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

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

(7) All applications for low income housing tax credit shall be on the authority's prescribed forms and shall include information necessary pursuant to the qualified allocation plan and section 42 of the internal revenue code of 1986.

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

(9) For the purposes of this section, "rural housing projects" means proposed or existing housing projects that fall into 1 or more of the following categories:

(a) Located in an area other than a metropolitan county.

(b) Funded by a federal program for the development of rural housing.

(c) Financed by a loan guaranteed by rural housing services or a successor agency.

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History: Add. 1987, Act 86, Imd. Eff. June 30, 1987 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1991, Act 137, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000

125.1422c Subsidiary nonprofit housing corporation.

Sec. 22c.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

125.1422d Investments.

Sec. 22d.

(1) In addition to the powers described in section 22(n), the authority may, in its discretion, invest money held in reserve or sinking funds, or money not required for immediate use or disbursement, in entities, including limited partnerships and limited liability companies, whose primary purpose is, directly or indirectly, to acquire ownership interests in multifamily housing projects in this state or to make or purchase loans with respect to such projects, or both. The authority shall not make an investment authorized by this subsection unless the authority determines that

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the return on the investment is reasonably expected to be equal to or greater than the return the authority is then receiving on investments authorized under section 22(n). The authority shall use earnings returned to the authority on investments authorized by this subsection solely for purposes authorized by this act. The authority shall allocate not less than 10% of the earnings returned to the authority on investments authorized by this subsection to the housing development fund created in section 23.

(2) The authority shall possess all powers necessary or incidental to make the investments authorized in subsection (1), including, but not limited to, the power to establish any of the following:

(a) Limited partnerships, limited liability companies, nonprofit corporations, and other entities.

(b) The conditions under which the entities described in subdivision (a) may acquire ownership interests in or make or purchase loans with respect to multifamily housing projects as provided in subsection (1).

(3) As used in this section, "multifamily housing project" means a housing project that includes multiple dwellings and in which a minimum of 50% of the square footage of floor space is used primarily for residential purposes.

History: Add. 2013, Act 116, Imd. Eff. Sept. 24, 2013

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125.1423 Housing development fund; creation; payments into fund.

Sec. 23.

(1) There is created and established under the jurisdiction and control of the authority a revolving fund to be known as the "housing development fund".

(2) There shall be paid into the housing development fund (a) any moneys appropriated and made available by the state for the purposes of the fund; (b) any moneys which the authority receives in repayment of advances made from the fund, and (c) any other moneys which may be made available to the authority for the purpose of the fund from any other source or sources.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1424 Housing development fund; advances; grants; transfer of moneys.

Sec. 24.

(1) The authority may use the moneys held in the fund to make interest-bearing or noninterest-bearing advances, in compliance with this act, to nonprofit housing corporations and consumer housing cooperatives for development costs of proposed housing projects. Advances may not be made unless the authority reasonably anticipates that a federally-aided or authority-aided mortgage may be obtained by the nonprofit housing corporation or consumer housing cooperative for the permanent financing of a housing project pursuant to section 44.

(2) The proceeds of the advance may be used only to defray the development costs of the housing project. Each advance shall be repaid in full to the authority by the nonprofit housing corporation or consumer housing cooperative concurrent with receipt of the portion of the mortgage loan paid under the initial indorsement of the federally-aided or authority-aided mortgage or construction loan, unless the authority extends the period for the repayment of the advances. The time of repayment shall not be extended later than the date of receipt of the portion of the mortgage loan paid on final indorsement of the federally-aided or authority-aided mortgage or construction loan.

(3) The authority may use the moneys held in the fund to make grants to local communities, as defined by the authority in rules promulgated under this act, the office of services to the aging established in section 5 of the older Michiganians act, Act No. 180 of the Public Acts of 1981, being section 400.585 of the Michigan Compiled Laws, or public or private nonprofit organizations or local governmental agencies organized to provide assistance to persons and families of low or moderate income. The grants may be in any amounts as the authority determines, not to exceed the net costs, exclusive of any federal aid or assistance, incurred by the recipient in planning for or implementing housing assistance or community or housing development. Examples of permissible community or housing development include land and building acquisition; housing rehabilitation; capital improvements or modifications, including streets, open space, utilities, recreation or community centers, and parking facilities; and

the provision of necessary supportive services.

(4) The authority may transfer the moneys held in the housing development fund to the land acquisition and development fund or to the rehabilitation fund in amounts which the authority determines necessary.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1984, Act 363, Eff. Mar. 29, 1985
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1424a Land acquisition and development fund; creation; payment of moneys into fund.

Sec. 24a.

(1) A fund to be known as the "land acquisition and development fund" is created and established under the jurisdiction and control of the authority.

(2) There shall be paid into the land acquisition and development fund: any moneys appropriated and made available by the state for the purposes of this fund; any moneys which the authority receives from the sale or rental of real property purchased by the authority with moneys from this fund; and any other moneys which may be made available to or by the authority and designated by the authority for the purpose of this fund from any other source including unpledged accumulated fees and charges and unpledged interest income of the authority. As used in this section, "real property" means an interest, including fee or leasehold interest, in land or improvements to land or a portion thereof.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977

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125.1424b Land acquisition and development fund; use of moneys; acquisition and exchange of real property; improvements to real property; costs; conveyance of real property.

Sec. 24b.

(1) The authority may use the money held in the land acquisition and development fund to lease, acquire, or contract to acquire real property by grant, purchase, or otherwise from any person, firm, partnership, corporation, municipality, county, or federal or state agency, upon determining that the real property may be suitable for a future housing development or housing project; or is located in a residential area where the authority has financed or has planned to finance housing and the proposed use of the real property will improve the quality of the residential area by eliminating blight or provide needed public or commercial facilities; or is so situated that the present or future use of the real property, if not acquired by the authority, will adversely affect the value or marketability of the authority financed housing project. The authority may acquire real property in its own name or through and in the name of an agent by means of land contract, option, or other form of deferred payment agreement, or subject to mortgages or other encumbrances, if the authority reserves money in this fund or authorization to issue notes and bonds, the aggregate amount of which equals the unpaid principal balance on the land contracts, options, mortgages, or other encumbrances or deferred payment agreements plus any anticipated carrying charges, including insurance premiums, interest, maintenance expenses, and property taxes. The authority may exchange real property purchased with money from this fund for other real property, if the authority determines that the real property will be acquired for a purpose for which real property can be purchased with money from this fund. Money received by the authority in connection with the exchange and any money received from the sale or rental of the real property shall be deposited in the land acquisition and development fund.

(2) The authority may contract for and use money held in the land acquisition and development fund for the following types of improvements to real property purchased or otherwise acquired for the purposes of this fund:

(a) Improvements that are necessary to place the real property in a safe, sanitary, and decent condition, including demolition, excavation, and landscaping.

(b) Improvements to real property which is to be dedicated for the public use and enjoyment, including the installation of recreational facilities, benches, shelters, lighting, and walkways.

(c) Improvements that are necessary to insure the planned development of the real property, including the

installation of roads, sidewalks, sewers, and utilities. The authority may contract for and use money held in the land acquisition and development fund for services needed in connection with the acquisition, disposition, planning, development, and maintenance of real property.

(3) The authority may use the money held in the land acquisition and development fund to pay the following costs on real property purchased or being purchased with money from this fund or acquired by gift, grant, or exchange for the purposes of this fund:

(a) The costs of property taxes, insurance premiums, interest, maintenance expenses, and other carrying charges on real property notwithstanding the provisions of section 42, during the period when real property is owned or is being purchased by the authority or its agent, the authority shall pay all property taxes levied against the real property unless a taxing jurisdiction exempts the real property from property taxes. The assessed valuation of the real property while it is owned or being purchased by the authority or its agent shall not be increased by any taxing jurisdiction, except to reflect the state equalization valuation process.

(b) The costs of planning the development of the real property, including, but not limited to, the costs of economic feasibility studies, land use studies, site development planning, architectural and engineering design, market analysis and all related analyses, studies and planning services.

(c) The costs incurred in the transfer of real property, including brokerage and appraisal fees, recording expenses, and the costs of surveys and title insurance.

(d) The costs of the improvements to real property permitted by subsection (2).

(4) Real property may be conveyed by the authority to a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park corporation, mobile home park association, or municipality for the purpose of constructing housing projects at such price and on such terms and conditions as shall be determined by the authority. Real property may be conveyed by the authority to the state or federal government, or any county or municipality for the use and enjoyment of the public upon such terms and conditions as shall be determined by the authority. Real property may be sold by the authority to an individual, firm, partnership, corporation, county, municipality, authority, or federal or state agency for any purpose at a price, equal to or greater than the lesser of the fair market value of the property at the time of sale or the price paid by the authority to acquire, hold, and improve the real property, which conveyance shall be subject to terms and conditions determined by the authority. In conjunction with a sale or conveyance of real property, the authority may enter into agreements which regulate all aspects of the development of the real property, including, but not limited to, land use planning, site development, construction, architectural and engineering design, marketing, management, occupancy, operation, and all factors related to the foregoing.

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History: Add. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

125.1424c Transfer of moneys to housing development fund or rehabilitation fund.

Sec. 24c.

The authority may transfer the moneys held in the land acquisition and development fund to the housing development fund or to the rehabilitation fund in amounts the authority determines necessary.

History: Add. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977

125.1424d Rehabilitation fund; creation; jurisdiction; payments.

Sec. 24d.

(1) A fund to be known as the "rehabilitation fund" is created and established under the jurisdiction and control of the authority.

(2) The following shall be paid into the rehabilitation fund:

(a) Moneys appropriated and made available by the state for the purposes of the rehabilitation fund.

(b) Other moneys which may be made available to or by the authority and designated by the authority for the purposes of the rehabilitation fund.

History: Add. 1977, Act 130, Imd. Eff. Oct. 25, 1977

125.1424e Rehabilitation fund; use of moneys; allocations or pledges to holders of bonds.

Sec. 24e.

(1) The authority may use moneys in the rehabilitation fund either separately or in conjunction with other moneys available to the authority to make, purchase, or otherwise participate in loans, grants, or deferred payment loans authorized pursuant to section 44a.

(2) The authority may use the moneys in the rehabilitation fund to make loans or grants to local communities in amounts the authority determines are necessary for planning for or implementing programs of residential rehabilitation involving loans, grants, or deferred payment loans to persons and families of low and moderate income.

(3) The authority may use money in the rehabilitation fund to pay for costs incurred by the authority in planning for or implementing a program of residential rehabilitation.

(4) Money in the rehabilitation fund and money received in repayment of loans, grants, and deferred payment loans made from the rehabilitation fund may be allocated or pledged to the holders of bonds and notes issued in connection with a rehabilitation loan program of the authority.

History: Add. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978

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125.1424f Recapture tax fund; creation; establishment; payment; use.

Sec. 24f.

(1) There is created and established under the jurisdiction and control of the authority a fund to be known as the recapture tax fund.

(2) There may be paid into the recapture tax fund any money available to the authority from any source or sources, including, but not limited to, funds held by the authority. The authority is under no obligation to maintain a balance of money in the fund.

(3) The authority may use the money held in the fund to reimburse individual borrowers for any taxes the borrowers paid and for which they were liable under section 143(m) of the internal revenue code, or any similar recapture taxes applicable to programs the authority administers.

History: Add. 2008, Act 55, Imd. Eff. Apr. 3, 2008
Compiler's Notes: Former MCL 125.1424f, which pertained to conversion condominium fund, was repealed by Act 183 of 1985, Imd. Eff. Dec. 18, 1985.

125.1424g Repealed. 1985, Act 183, Imd. Eff. Dec. 18, 1985.

Compiler's Notes: The repealed section pertained to conversion condominium loans and funds.

125.1425 Bonds and notes; issuance; purposes; issuing renewal notes, bonds to pay notes and refunding bonds; notes or bonds as general obligations and negotiable instruments; revised municipal finance act inapplicable; issuance subject to agency financing reporting act.

Sec. 25.

(1) The authority may issue its negotiable bonds and notes in a principal amount, which in the opinion of the authority shall be necessary to provide sufficient funds for achieving its corporate purposes, including the making of loans for housing projects and the making or purchasing of loans for the rehabilitation of residential real property, the provision of money for the land acquisition and development fund as provided in this act, the payment of interest on bonds and notes of the authority during construction, the establishment of reserves to secure bonds and notes, the provision of money for the housing development fund in order to make noninterest bearing advances to nonprofit housing corporations and consumer housing cooperatives as provided in this act, the provision of money to be used for the land acquisition and development powers and purposes of the authority, the development, rehabilitation, or acquisition of real and personal property for use as office facilities by the authority, and all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) The authority may issue renewal notes, issue bonds to pay notes, and when it determines refunding expedient, refund bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for any other purpose. The refunding bonds shall be sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded. The authority may issue instruments separate from the obligations described in this section that establish a contractual right in the holder of the instrument to require mandatory tender for purchase of the obligations to which the instrument applies for such period of time and subject to such provisions as the authority may determine.

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

(4) Whether or not the notes or bonds are of a form or character as to be negotiable instruments under the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102, the notes or bonds shall be and are hereby made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102, subject only to the provisions of the notes or bonds for registration.

(5) A bond issued by the authority is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(6) The issuance of bonds and notes under this act is subject to the agency financing reporting act.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1983, Act 49, Imd. Eff. May 16, 1983 ;-- Am. 1991, Act 137, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 2002, Act 385, Imd. Eff. May 30, 2002

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125.1426 Bonds and notes; authorization; terms.

Sec. 26.

The notes and bonds shall be authorized by resolution of the members of the authority; shall bear such date or dates, and shall mature at such time or times, in the case of any note, or any renewal thereof, not exceeding 20 years, from the date of issue of such original note, and in the case of any bond not exceeding 50 years from the date of issue, as the resolution may provide. The notes and bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places and be subject to such terms of redemption as such resolution or resolutions may provide. The notes and bonds of the authority may be sold by the authority, at public or private sale, at such price or prices as the authority shall determine.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982

125.1427 Notes or bonds; resolution authorizing issuance; contents.

Sec. 27.

Any resolution authorizing any notes or bonds or any issue of notes or bonds may contain provisions, which shall be a part of the contract with the holders of the notes or bonds, as to:

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

(b) Pledging all or any part of the assets of the authority, including mortgages and obligations securing the assets, to secure the payment of the notes or bonds or of any issue of notes or bonds, subject to such agreements with noteholders or bondholders as may then exist.

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

(d) The use and disposition of the gross income from mortgages owned by the authority and payment of principal of mortgages owned by the authority.

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

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

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

(h) The procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent to the amendment or abrogation and the manner in which such consent may be given.

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

(j) Establishing a contractual right to require mandatory tender for purchase of the notes or bonds in an instrument separate from the notes or bonds, which instrument may be issued or sold by the authority to investors in such instruments.

(k) Any other matters, of like or different character, which in any way affect the security or protection of the notes or bonds.

(l) Delegating to an officer or other employee of the authority, or an agent designated by the authority, the power to cause the issue, and sale and delivery, of the notes or bonds within limits on those notes or bonds established by the authority as to any of the following:

(i) The form.

(ii) The maximum interest rate or rates.

(iii) The maturity date or dates.

(iv) The purchase price.

(v) The denominations.

(vi) The redemption premiums.

(vii) The nature of the security.

(viii) The selection of the applicable interest rate index.

(ix) Other terms and conditions with respect to issuance of the notes or bonds as the authority shall prescribe.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993

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125.1428 Notes and bonds; validity and effect of pledge.

Sec. 28.

Any pledge made by the authority shall be valid and binding from the time when the pledge is made; the moneys or property so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1429 Notes and bonds; personal liability of members of authority.

Sec. 29.

Neither the members of the authority nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1430 Notes and bonds; purchase for cancellation; price.

Sec. 30.

(1) Except as provided in subsection (2), and subject to an agreement with a noteholder or bondholder as may then exist, the authority shall have power out of any funds available to purchase notes or bonds of the authority. The notes or bonds purchased by the authority pursuant to this section may be canceled, at a price not exceeding any of the following:

(a) If the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date.

(b) If the notes or bonds are not then redeemable, the redemption price applicable on the first date after the purchase upon which the notes or bonds become subject to redemption plus accrued interest to that date.

(2) If the authority determines that the payment of a higher price than that determined under subsection (1) is in the best interests of the authority, it may by resolution authorize the purchase at a higher price.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 2024, Act 191, Eff. Apr. 2, 2025

125.1431 Notes and bonds; liability of state.

Sec. 31.

The state shall not be liable on notes or bonds of the authority and such notes and bonds shall not be a debt of the state. The notes and bonds shall contain on the face thereof a statement to such effect.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1432 Capital reserve fund; definitions; federal housing subsidy programs; recommendations; priority; program of loans for mobile homes; program of loans for consumer housing cooperatives; notice of public hearing or proposed rule change; rules; identification of housing production goals; report to governor and committees; confidentiality.

Sec. 32.

(1) The authority may create and establish 1 or more special funds called capital reserve funds to secure notes and bonds of the authority. The authority shall pay into a capital reserve fund money appropriated and made available by this state for the purposes of the fund, the proceeds of the sale of notes or bonds to the extent provided

in the resolution of the authority authorizing the issuance of the notes or bonds, and other money that is made available to the authority for the purpose of a fund from any other source. In addition to, or in lieu of, depositing money in a capital reserve fund, the authority may obtain and pledge letters of credit and, effective retroactively as of June 1, 1993, insurance policies, surety bonds, guarantees, or other security arrangements if those other security arrangements are approved by the state treasurer, for the purposes of the capital reserve fund. The amount available under letters of credit, insurance policies, surety bonds, guarantees, or other security arrangements pledged to a capital reserve fund must be credited toward the satisfaction of a capital reserve fund requirement. All money and proceeds under letters of credit, insurance policies, surety bonds, guarantees, or other security arrangements held in a capital reserve fund, except as specifically provided, must be used as required solely for the payment of the principal of notes or bonds of the authority secured in whole or in part by the capital reserve fund, for the purchase or redemption of notes or bonds, for the payment of interest on the notes or bonds, or for the payment of a redemption premium required to be paid when the notes or bonds are redeemed prior to maturity. However, the authority shall not use the capital reserve fund for an optional purchase or optional redemption of notes or bonds if the use would reduce the total of the money on deposit in the capital reserve fund and amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to a capital reserve fund to less than the capital reserve fund requirement established for the fund. Income or interest earned by, or increment to, a capital reserve fund from the investment of the money in the capital reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the total of the amount of money in a capital reserve fund and amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to the capital reserve fund below the capital reserve fund requirement for the fund.

(2) The authority shall not issue notes or bonds secured in whole or in part by a capital reserve fund if, upon the issuance of the notes or bonds, the amount in the capital reserve fund, including the amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to the capital reserve fund, would be less than the capital reserve fund requirement for the fund, unless the authority, at the time of issuance of the notes or bonds, deposits in the fund from the proceeds of the notes or bonds to be issued, or from other sources, an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund, or obtains a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement in an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund. For the purposes of this section, "capital reserve fund requirement" means the amount required in the resolution of the authority authorizing the notes or bonds with respect to which the fund is established, which amount must not exceed the maximum amount of principal and interest maturing and becoming due in a succeeding calendar year on the notes or bonds of the authority secured in whole or part by the fund.

(3) The authority has, before January 9, 1977, in connection with its housing development bonds issued pursuant to a bond resolution dated June 10, 1971, established within the capital reserve fund relating to housing development bonds, a capital reserve account and a capital reserve capital account. This capital reserve account constitutes a capital reserve fund under this act. Money in this capital reserve account must secure only housing development bonds issued pursuant to the June 10, 1971 bond resolution. Unless otherwise provided by the authority, money in the capital reserve capital account must secure all bonds and notes of the authority. In determining whether the capital reserve fund requirement established for a capital reserve fund has been met, the authority shall not include or take into account money in the capital reserve capital account.

(4) The authority has, before January 9, 1977, in connection with its insured mortgage revenue bonds issued pursuant to a bond resolution dated May 11, 1976, established a bond reserve fund. This bond reserve fund constitutes a capital reserve fund under this act.

(5) The authority shall not have outstanding at any time bonds and notes for any of its corporate purposes in an aggregate principal amount exceeding $10,000,000,000.00, excluding all of the following:

(a) The principal amount of bonds and notes issued to refund outstanding bonds and notes.

(b) The principal amount of bonds and notes that appreciate in principal amount, except to the extent of the principal amount of these bonds and notes payable at such time.

(c) The principal amount of notes and bonds representing original issue discount, if any.

(6) Subject to the limitation in subsection (5), that portion of the state ceiling to be used for qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects must be allocated to the authority unless the authority elects by resolution to allow another issuer to issue qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects. As used in this subsection:

(a) "Mortgage credit certificate" means that term as defined in section 25 of the internal revenue code of 1986, 26 USC 25.

(b) "Qualified mortgage bond" means that term as defined in section 143 of the internal revenue code of 1986, 26 USC 143.

(c) "Qualified residential rental project" means that term as defined in section 142 of the internal revenue code of 1986, 26 USC 142.

(d) "State ceiling" means the aggregate amount of certain private activity bonds, including qualified mortgage

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bonds, that may be issued in any calendar year in this state pursuant to section 146 of the internal revenue code of 1986, 26 USC 146.

(7) To ensure the continued operation and solvency of the authority for the carrying out of the public purposes of this act, the authority shall accumulate in each capital reserve fund an amount equal to the capital reserve fund requirement for that fund. If at any time the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the authority shall transfer to this fund from the capital reserve capital account established by the authority's June 10, 1971 bond resolution the amount necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. If a deficiency exists in more than 1 capital reserve fund and the amount in the capital reserve capital account is not sufficient to fully restore the capital reserve funds, the money in the capital reserve capital account must be allocated between the deficient capital reserve funds pro rata according to the amounts of the deficiencies. If at any time the capital reserve capital account has been exhausted and the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the chairperson of the authority on or before September 1 shall certify to the governor and budget director the amount, if any, necessary to restore a capital reserve fund to an amount equal to the capital reserve fund requirement. The governor and the budget director shall include in the annual budget the amount certified by the chairperson of the authority.

(8) In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of the fund is invested must be valued at par. If the securities are purchased at other than par, the securities may be valued at their cost to the authority, as adjusted by amortization of the discount or premium paid upon purchase of the securities on a pro rata basis to the maturity date of the securities.

(9) To the extent possible and consistent with sound fiscal management and good housing development planning, the authority shall make full use of available federal housing subsidy programs. The authority shall recommend programs and legislation to better maintain and improve existing housing stock.

(10) The authority shall require that not less than 15% of the multifamily dwelling units financed by mortgage loans from the authority in a calendar year under federal government subsidy programs, subject to applicable federal regulations, be offered on a priority basis to low income families and persons receiving their primary incomes from social security programs or state and federal public assistance programs.

(11) The authority shall implement a program of loans for mobile homes as soon as is reasonably feasible. The authority shall develop a program for financing the construction or rehabilitation of mobile home parks and mobile home condominium projects within 24 months after December 31, 1982, subject to a determination of feasibility by the authority and the authority's ability to sell bonds.

(12) The authority shall implement a program of loans for consumer housing cooperatives as soon as is reasonably feasible. The authority shall develop a program for financing the construction or rehabilitation of consumer housing cooperative projects within 12 months after July 10, 1984, subject to a determination of feasibility by the authority and the authority's ability to sell bonds.

(13) When processing rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the authority shall furnish to each member of the legislature a copy of a notice of a public hearing or proposed rule change at least 10 days before the public hearing and at least 20 days before the adoption of the rule.

(14) Before October 1 of each year, the authority shall identify housing production goals for housing projects financed with bonds and notes issued under the limitations provided in section 32a. The authority shall identify a goal for the authority as a whole and a specific goal for each program. The authority shall submit those goals in an annual report to the governor and to the house committee on urban affairs and the senate committee on finance, or their successor committees.

(15) Within 6 months after the legislature enacts or the authority adopts a new program, the authority shall submit an interim report to the same persons to whom an annual report is submitted. If both the legislature and the authority establish a program, the authority shall submit the interim report within 6 months after the effective date of the act establishing the program. The authority shall include in an interim report all of the information required in an annual report that is specific to that program.

(16) After the initial or an interim report, the authority shall include in an annual report all of the following for each program:

(a) Whether the production goals for the previous 12-month period have been met. If those production goals have not been met, the authority shall explain in the report the reasons why those production goals have not been met.

(b) Any significant obstacles to the development of housing for low and moderate income persons that have been encountered by the authority.

(c) The estimated economic and social benefits of these housing projects to the immediate neighborhoods in which the housing projects have been constructed.

(d) The estimated economic and social benefits of these housing projects to the municipalities in which the housing projects have been constructed.

(e) The extent of displacement, direct and indirect, of lower income persons caused by these housing projects, and steps taken by the authority and other governmental and private parties to ameliorate the displacement, and the

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results of those efforts.

(f) The estimated extent of additional reinvestment activities by private lenders attributable to the authority's financing of these housing projects.

(g) The age, race, family size, median income, and average income of the tenants of these housing projects.

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

(i) The progress in developing mobile home parks and mobile home condominium projects, in financing the construction or rehabilitation of consumer housing cooperative projects, and in financing the construction or rehabilitation of nonprofit housing corporation projects.

(j) A report on the neighborhood preservation program under section 44f. The report must include information about the progress in developing the program, the neighborhoods identified as eligible for the program, the neighborhoods or municipalities that have applied for the program, the neighborhoods that have received funds from the program, and the reasons that neighborhoods or municipalities have been denied funds from the program.

(k) A report on the status of federal programs that provide assistance to low income tenants displaced as the result of prepayments of federally and authority assisted loans.

(l) A report on the low income housing tax credit program under section 22b. The report must include information regarding the amount of tax credits allocated to the state under each of the subdivisions of section 22b(2); the projects that have received tax credits; and the reasons why projects have been denied tax credits under the program; a geographical description of the distribution of those tax credits; and a description of amendments to the allocation plan made during that year.

(m) A report on education and training opportunities provided by the authority under section 17. The report must indicate the types of education and training opportunities made available and the amount of funding committed to these activities.

(n) For any programs or projects involving refinancings, the number of refinancings undertaken by the authority and the total dollar amount of all refinancings undertaken by the authority.

(17) The authority shall ensure that the income characteristics of individuals served by an authority program are provided in a manner that ensures each individual's confidentiality. The authority shall also ensure that proprietary information in its reports under this section concerning an individual, corporation, cooperative, or association is not released without the permission of that individual, corporation, cooperative, or association.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 27, Imd. Eff. June 2, 1970 ;-- Am. 1972, Act 310, Imd. Eff. Dec. 28, 1972 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1980, Act 472, Imd. Eff. Jan. 17, 1981 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 73, Imd. Eff. June 6, 1983 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 2, Imd. Eff. Mar. 14, 1985 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1987, Act 86, Imd. Eff. June 30, 1987 ;-- Am. 1987, Act 180, Imd. Eff. Nov. 25, 1987 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1990, Act 330, Imd. Eff. Dec. 21, 1990 ;-- Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1995, Act 186, Imd. Eff. Oct. 23, 1995 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2004, Act 535, Imd. Eff. Jan. 3, 2005 ;-- Am. 2008, Act 56, Imd. Eff. Apr. 3, 2008 ;-- Am. 2012, Act 328, Imd. Eff. Oct. 9, 2012 ;-- Am. 2020, Act 73, Imd. Eff. Apr. 2, 2020 ;-- Am. 2023, Act 169, Imd. Eff. Oct. 19, 2023

Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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

125.1432a Issuance of bonds to finance single family homes; previous ownership interest; publicizing program; report to legislature; section inapplicable to refinancing single family homes.

Sec. 32a.

With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, for the first 60 days following the announcement of a program funded by the proceeds of those bonds, 50% of the proceeds of those bonds available to make loans, as determined by the preliminary information obtained by originating lenders at the time a reservation is submitted, shall be reserved for applicants with gross annual incomes at or below 60% of the statewide median gross income. The authority may, by resolution, waive this requirement. The authority shall advise the house of representatives and senate standing committees with jurisdiction over housing issues 5 days prior to adopting a resolution waiving this requirement. With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, not more than 50% of the proceeds of those bonds may be used to finance single family homes for homebuyers who previously have had an ownership

interest in a residence. For purposes of this section, a previous ownership interest in a mobile home shall not be considered to be an ownership interest in a residence. The authority may rely on the applicant's affidavit to determine whether or not the applicant has had a prior ownership interest in a residence. The authority shall publicize the programs funded under this section by using all reasonable means available, including, but not limited to, public interest announcements in the media, and announcements to lending institutions, community groups, and real estate organizations. The authority shall submit a report annually to the legislature containing all statistics necessary to indicate its compliance with this section. This section does not apply to bonds issued to refinance single family homes.

History: Add. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 2, Imd. Eff. Mar. 14, 1985 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1990, Act 330, Imd. Eff. Dec. 21, 1990 ;-- Am. 1991, Act 137, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2004, Act 535, Imd. Eff. Jan. 3, 2005 ;-- Am. 2008, Act 53, Imd. Eff. Apr. 3, 2008

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125.1432b Mortgage credit certificate program; authority designated as administrator; guidelines; qualifying for receipt of mortgage credit certificate; adaptation of property for use by disabled individuals; family income limits; applicability of internal revenue code; exception; retroactive effect of changes in subsections (3) and (4).

Sec. 32b.

(1) The authority is designated as the administrator of the mortgage credit certificate program for this state permitted under section 25 of the internal revenue code, 26 USC 25.

(2) The authority shall prepare guidelines that would allow for the implementation of a mortgage credit certificate program through mortgage lenders.

(3) For a borrower to qualify for receipt of a mortgage credit certificate with respect to the acquisition of a new or existing housing unit, including a residential condominium or mobile home, both of the following requirements shall be met:

(a) The purchase price with respect to the new or existing unit shall not exceed the limits established in section 44 for newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units, including a residential condominium unit as condominium unit is defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104, for which the authority may make loans to individual purchasers for acquisition and long-term financing or refinancing.

(b) The borrower's family income does not exceed the following, as applicable:

(i) The limits established in section 44 for individual purchasers to whom the authority may make loans for the acquisition and long-term financing or refinancing of newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units.

(ii) For eligible distressed areas, $69,800.00 until June 1, 2006, $72,250.00 until November 1, 2007, and $74,750.00 on and after November 1, 2007 but before the effective date of the 2012 amendatory act that amended this section.

(iii) For any other area, $60,700.00 until June 1, 2006, $62,800.00 until November 1, 2007, and $65,000.00 on and after November 1, 2007 but before the effective date of the 2012 amendatory act that amended this section.

(4) The authority may increase the purchase price limit in subsection (3) to cover the cost of improvements to adapt the property for use by disabled individuals or unexpected cost increases during construction. The amount of the increase shall be the amount of the costs described in this subsection or $3,500.00, whichever is less.

(5) To qualify for receipt of a mortgage credit certificate with respect to the improvement or rehabilitation of an existing housing unit, including a residential condominium or mobile home, the borrower's family income shall not exceed the limits established in section 44a for persons and families of low and moderate income.

(6) If an income or purchase price limit prescribed by subsection (3), (4), or (5) exceeds an applicable limit prescribed by the internal revenue code, 26 USC 1 to 9834, the internal revenue code limit applies. Except with respect to newly constructed housing units, the authority may at any time by resolution establish, for a length of time it considers appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive income or purchase price limits.

(7) The changes made by 1995 PA 186 to purchase price limits in the subsections that at the time were designated subsections (3) and (4) were retroactive, effective as of October 29, 1993.

History: Add. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1987, Act 179, Imd. Eff. Nov. 25, 1987 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1991, Act 137, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1995, Act 186, Imd. Eff. Oct. 23, 1995 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 1998, Act 33, Imd. Eff. Mar. 18, 1998 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2004, Act 549, Imd. Eff. Jan. 3, 2005 ;-- Am. 2012, Act 346, Imd. Eff. Nov. 7, 2012

125.1432c Repealed. 1988, Act 496, Eff. Mar. 30, 1989.

Compiler's Notes: The repealed section pertained to allocation to authority from state's unified volume limitation and to reallocation to municipalities.

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125.1432d Legislative intent.

Sec. 32d.

The legislature intends that the authority explore the possibility of reducing the cost of financing multifamily housing projects through the issuance of variable rate obligations that could be converted to long-term fixed-rate obligations. The authority is authorized to make fixed-rate mortgages with the proceeds of these obligations. The legislature also intends that the authority explore the possibility of providing subsidies to projects to assist owners in meeting the 20-50 test established in section 142 of the internal revenue code.

History: Add. 1987, Act 179, Imd. Eff. Nov. 25, 1987

125.1433 General reserve fund; creation; payments into fund; use of fund.

Sec. 33.

The authority shall create and establish a special fund, referred to as general reserve fund, and, subject to agreements with bondholders and noteholders, shall pay into the fund all fees and charges collected by the authority on loans made from and residential mortgages acquired with the proceeds of the sale of bonds and any moneys which the authority shall transfer from the capital reserve fund. Such moneys and any other moneys paid into the general reserve fund, in the discretion of the authority but subject to agreements with bondholders and noteholders, may be used by the authority (a) for the repayment of advances from the state in accordance with the provisions of repayment agreements between the authority and the director of the budget, (b) to pay all costs, expenses, and charges of financing, including fees and expenses of trustees and paying agents, (c) for transfers to the capital reserve fund, (d) for the payment of the principal of and interest on bonds or notes issued by the authority when they shall become due whether at maturity or on call for redemption and for the payment of any redemption premium required to be paid where the bonds or notes are redeemed prior to their stated maturities, and to purchase bonds or notes, or (e) for such other corporate purposes of the authority as the authority in its discretion shall determine and provide.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977

125.1434 Notes and bonds; pledge and agreement of state.

Sec. 34.

The state pledges and agrees with the holders of any notes or bonds issued under this act, that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1435 Trustee; default; powers and duties.

Sec. 35.

(1) If the authority defaults in the payment of principal of or interest on any issue of notes or bonds after the same shall become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or if the authority fails or refuses to comply with the provisions of this act, or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25% in aggregate principal amount of the notes or bonds of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county of Ingham and approved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such notes or bonds for the purposes herein provided.

(2) The trustee may, and upon written request of the holders of 25% in principal amount of such notes or bonds then outstanding shall, in his own name; (a) by action or proceeding, enforce all rights of the noteholders or bondholders, including the right to require the authority to collect fees and charges and interest and amortization payments on mortgage loans made by it adequate to carry out any agreement as to, or pledge of, such fees and charges and interest and amortization payments on such mortgages, and other properties and to require the authority to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this act; (b) bring suit upon such notes or bonds; (c) by action, require the authority to account as if it were the trustee of an express trust for the holders of such notes or bonds; (d) by action, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such notes or bonds; (e) declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25% of the principal amount of such notes or bonds then outstanding, to annul such declaration and its consequences.

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History: 1966, Act 346, Eff. Mar. 10, 1967

125.1436 Trustee; additional powers.

Sec. 36.

The trustee, in addition to the powers granted in section 35, shall have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1437 Venue.

Sec. 37.

The venue of any such action or proceeding shall be in the county of Ingham.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1438 Notes and bonds; notice; declaration, due and payable.

Sec. 38.

Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, to the authority, and to the attorney general of the state.

History: 1966, Act 346, Eff. Mar. 10, 1967

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125.1439 Money of authority; deposit; security for deposits; contracts with holders of notes or bonds; security for money held in trust; system of accounts; spending for operating purposes; periodic audits; copies.

Sec. 39.

(1) Money of the authority shall be held by the authority and deposited in a bank, national banking association, or a savings and loan association approved by the state treasurer. All deposits of money which are not fully insured by an agency of the United States shall, if required by the state treasurer or the authority, be secured by obligations of the United States, agencies of the United States, or of the state or of municipalities within the state, of a market value equal at all times to the uninsured amount of the deposit. All banks, national banking associations, and savings and loan associations may give security for the deposits.

(2) The authority may, subject to the approval of the state treasurer, contract with the holders of any of its notes or bonds as to the custody, collection, securing, investment, and payment of moneys of the authority, of any moneys held in trust or otherwise for the payment of notes or bonds, and to carry out the contract. Money held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of money may be secured in the same manner as money of the authority, and all banks and trust companies may give security for the deposits.

(3) Subject to agreements with noteholders and bondholders and to the approval of the auditor general, the authority shall prescribe a system of accounts.

(4) The authority may spend for operating purposes the funds appropriated to it annually by the legislature for operating purposes or funds otherwise authorized. The auditor general shall make periodic audits of the books and records of the authority at least every 3 years and submit copies of those audits to the legislature.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1972, Act 310, Imd. Eff. Dec. 28, 1972 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1980, Act 472, Imd. Eff. Jan. 17, 1981 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985

125.1440 Notes and bonds; legal investment.

Sec. 40.

The notes and bonds of the authority are securities in which all public officers and bodies of this state and all municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, trust companies, savings banks and savings associations, savings and loan associations, investment companies, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1441 Faith and credit bonds.

Sec. 41.

The authority from time to time at its discretion may recommend an issuance of faith and credit bonds to the legislature for a vote of the people.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1442 Property of authority; exempt from taxation.

Sec. 42.

The property of the authority and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions and all bonds and notes of the authority shall be exempt from all taxation by the state or any of its political subdivisions.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. June 19, 1968

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125.1443 Notes and bonds; exemption from taxation.

Sec. 43.

The state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority, in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the authority, issued pursuant to this act and the income therefrom and all its fees, charges, gifts, grants, revenues, receipts, and other moneys received or to be received, pledged to pay or secure the payment of such notes or bonds shall at all times be free and exempt from all state, city, county or other taxation provided by the laws of the state, except for estate and gift taxes and taxes on transfers.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1443a Authorization of covenant and consent.

Sec. 43a.

The authority may covenant and consent in any resolution authorizing the issuance of notes or bonds that such notes or bonds shall be treated as an obligation not described in section 103(a) of the internal revenue code or any successor provision. This section shall not be construed to covenant or consent or to authorize any covenant or consent to the application of any other provision of any other laws, federal or state, to the authority or its obligations or to the elimination or modification in any way of any other exemption, privilege, or immunity of the authority or its obligations.

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

125.1444 Loans; purposes; conditions; amount; eligibility; sales and resales; long-term financing or refinancing; securing and repaying loans; interest rate; misrepresentation of income; loans for newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units; definitions.

Sec. 44.

(1) The authority may make loans to a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park corporation, mobile home park association, or public body or agency for the construction or rehabilitation, and for the long-term financing, of any of the following:

(a) Housing for low income or moderate income persons.

(b) For the period beginning May 1, 1984, and ending November 1, 1987, housing projects in which not less than 20% of the dwelling units are allotted to individuals of low or moderate income within the meaning of former section 103(b)(4)(A) of the internal revenue code of 1954; not less than 60% of the dwelling units are available to persons and families whose gross household income does not exceed 125% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority; and not more than 20% of the dwelling units are available for occupancy without regard to income. The enactment of this subdivision or the expiration of the authority granted by it does not affect rules in effect before July 10, 1984, or promulgated after July 9, 1984, to define low or moderate income persons.

(c) For the period of time beginning May 1, 1984, and ending November 1, 1987, housing projects in eligible distressed areas in which housing projects not less than 20% of the dwelling units are allotted to individuals of low or moderate income within the meaning of former section 103(b)(4)(A) of the internal revenue code of 1954, not less than 60% of the dwelling units are available to persons and families whose gross household income does not exceed 150% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, and not more than 20% of the dwelling units are available for occupancy without regard to income.

(d) Beginning November 1, 1987, multifamily housing projects that meet the 20-50 or 40-60 test established in section 142 of the internal revenue code of 1986, 26 USC 142, and in which the remaining dwelling units are available for occupancy without regard to income.

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

(2) Notwithstanding subsections (1), (3), (4), and (5), the authority may establish by resolution higher income limits that it considers necessary to achieve sustained occupancy of a housing project financed under subsection (1) if the authority determines both of the following:

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

(b) For an annual period after the first tenant has occupied the housing project, the owner of the housing project has been unable to attain and sustain at least a 95% occupancy level at the housing project.

(3) A loan under this subsection and subsections (1), (2), (4), and (5) must not exceed 90% of the project cost as approved by the authority. For purposes of this section, the term "project cost" includes all items included in the definition of a project cost in section 11 and also includes a builder's fee equal to an amount up to 5% of the amount of the construction contract, a developer overhead allowance and fee of 5% of the amount of the project cost, the cost of furnishings, and a sponsor's risk allowance equal to 10% of the project cost. A loan must not be made under this section unless a market analysis has been conducted that demonstrates a sufficient market exists for the housing project.

(4) After November 1, 1987, the authority may continue to finance multifamily housing projects for families or persons whose incomes do not exceed the limits provided in subsection (1)(b) or (c) or subsection (2), until funds derived from the proceeds of bonds or notes issued before November 2, 1987, for that purpose, including the proceeds of prepayments or recovery payments with respect to these multifamily housing projects, have been expended. Multifamily housing projects or single family housing units in an eligible distressed area that are financed by proceeds of notes or bonds issued before June 30, 1984, and that the authority has designated for occupancy by persons and families without regard to income pursuant to this act must remain eligible for occupancy by families and persons without regard to income until the authority's mortgage loan issued with respect to these multifamily housing projects is fully repaid.

(5) Notwithstanding the expiration of lending authority under subsection (1)(b), (c), (d), or (e), multifamily

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

(6) The authority may make loans to a nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association for the construction or rehabilitation of housing units, including residential condominium units for sale to individual purchasers of low or moderate income or to individual purchasers without regard to income when the housing units are located in an eligible distressed area. A loan under this subsection and subsections (7) and (8) must not exceed 100% of the project cost as approved by the authority in the case of a nonprofit housing corporation or individual purchaser, and must not exceed 90% of the project cost as approved by the authority in the case of a limited dividend housing corporation, mobile home park corporation, or mobile home park association.

(7) While a loan under this subsection and subsections (6) and (8) is outstanding, a sale by a nonprofit housing corporation or limited dividend housing corporation or a subsequent resale is subject to approval by the authority. The authority may provide in its rules concerning these sales and resales that the price of the housing unit sold, the method of making payments after the sale, the security afforded, and the interest rate, fees, and charges to be paid must at all times be sufficient to permit the authority to make the payments on its bonds and notes and to meet administrative or other costs of the authority in connection with the transactions. Housing units must be sold under terms that provide for monthly payments including principal, interest, taxes, and insurance.

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

(9) The authority may make, purchase, or participate in loans made to individual purchasers for acquisition and long-term financing or refinancing of newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units, including a residential condominium unit. All of the following apply to making, purchasing, or participating in a loan under this subsection:

(a) The borrower's family income must not exceed the income requirements established in section 143 of the internal revenue code of 1986, 26 USC 143. If those income requirements are repealed, the borrower's family income must not exceed the income requirements that were in effect immediately before the repeal.

(b) The purchase price or, in the case of a refinancing, the appraised value must not exceed 90% of the average area purchase price applicable to the housing unit. For purposes of this subdivision, the average area purchase price must be determined in accordance with section 143(e) of the internal revenue code of 1986, 26 USC 143, or any regulations promulgated pursuant to section 143(e) of the internal revenue code of 1986, 26 USC 143.

(c) For unexpected cost increases during construction or improvements to adapt new or existing property for use by disabled individuals, the authority may increase the purchase price limit by an amount sufficient to cover these cost increases, but not to exceed $10,000.00.

(d) If a purchase price limit prescribed by this subsection exceeds an applicable limit prescribed by the internal revenue code of 1986, the internal revenue code of 1986 limit applies if the loan will be financed with the proceeds of a tax-exempt bond.

(e) Except with respect to newly constructed housing units, the authority may by resolution establish, for a length of time the authority considers appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this subsection. The authority shall advise the appropriate house and senate standing committees 5 days prior to adopting a resolution establishing more restrictive maximum borrower income or purchase price limits.

(f) Before the authority makes a loan under this section, authority staff shall determine that the borrower has the ability to repay the loan.

(g) A loan made or purchased to finance the acquisition of an existing housing unit may include funds for rehabilitation.

(h) If the loan is for refinancing a 1- to 4-unit housing unit, including a residential condominium unit, the authority shall determine that 1 of the units is occupied by the borrower.

(10) A loan under this section must be secured in a manner and be repaid in a period, not exceeding 50 years, as may be determined by the authority. A loan must bear interest at a rate determined by the authority.

(11) An individual who, for purposes of securing a loan under this act, misrepresents his or her income, including taking a leave of absence from his or her employment for purposes of diminishing his or her income, is not eligible for a loan under this act.

(12) The authority may make, purchase, or participate in a loan for acquisition and long-term financing or refinancing of newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units, including a residential condominium unit if all of the following requirements are met:

(a) The loan is made to an individual purchaser or purchasers, whose income does not exceed the income requirements established in section 143 of the internal revenue code of 1986, 26 USC 143. If those income requirements are repealed, the borrower's family income must not exceed the income requirements that were in

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effect immediately before the repeal.

(b) The purchase price of the housing unit does not exceed the greatest of purchase price limits established for similar housing units by Fannie Mae, Freddie Mac, and Ginnie Mae.

(c) At least 1 of the dwelling units is owned and occupied by the individual purchaser or purchasers to whom the loan is made.

(d) Authority staff determine that the individual purchaser or purchasers receiving the loan have the ability to repay the loan.

(13) If the authority makes, purchases, or participates in a loan under this subsection or subsection (12), the loan may be securitized by the authority and may either be sold to investors or held by the authority.

(14) As used in this section:

(a) "Condominium unit" means that term as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104.

(b) "Fannie Mae" means the Federal National Mortgage Association established under authority of the federal national mortgage association charter act, 12 USC 1716 to 1749aaa-5.

(c) "Freddie Mac" means the Federal Home Loan Mortgage Corporation established under authority of the federal home loan mortgage corporation act, title III of Public Law 91-351.

(d) "Ginnie Mae" means the Government National Mortgage Association established under authority of the federal national mortgage association charter act, 12 USC 1716 to 1749aaa-5.

(e) "Gross household income" means gross income of a household as that term is defined in rules of the authority.

(f) "Median income for a family in this state" and "median income for a family within the nonmetropolitan county or metropolitan statistical area" mean those income levels as determined by the authority.

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History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1987, Act 86, Imd. Eff. June 30, 1987 ;-- Am. 1987, Act 179, Imd. Eff. Nov. 25, 1987 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1990, Act 330, Imd. Eff. Dec. 21, 1990 ;-- Am. 1991, Act 137, Imd. Eff. Nov. 22, 1991 ;-- Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1995, Act 186, Imd. Eff. Oct. 23, 1995 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 1998, Act 33, Imd. Eff. Mar. 18, 1998 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2004, Act 549, Imd. Eff. Jan. 3, 2005 ;-- Am. 2008, Act 57, Imd. Eff. Apr. 3, 2008 ;-- Am. 2008, Act 58, Imd. Eff. Apr. 3, 2008 ;-- Am. 2012, Act 326, Imd. Eff. Oct. 9, 2012 ;-- Am. 2017, Act 127, Eff. Jan. 15, 2018 ;-- Am. 2024, Act 193, Eff. Apr. 2, 2025

125.1444a Rehabilitation loans, grants, or deferred payment loans; eligibility; secured or unsecured loans or grants; insurance; reserve; interest; terms and conditions; rules; persons and families of low and moderate income; maximum principal loan amounts; minimum age of structure.

Sec. 44a.

(1) The authority may make, purchase, or participate in loans, grants, or deferred payment loans to persons and families of low and moderate income to finance the rehabilitation of residential real property designed for occupancy by not more than 24 families that is owned or is being purchased by 1 or more persons or families of low and moderate income and that is for occupancy by persons or families of low and moderate income.

(2) The authority, without regard to the income of the owners or occupants of residential rental property, may make, purchase, or participate in loans, grants, or deferred payment loans for the rehabilitation of residential rental property to persons or entities owning residential rental property located in areas of chronic economic distress or moderate cost residential rental property located elsewhere in this state.

(3) A loan under this section may be secured or unsecured as determined by the authority. If the loan is unsecured, it shall be accepted for insurance under title 1 of the national housing act, 12 USC 1702 to 1706f, or another federal or private insurance program providing coverage at least equal to that provided by that title, or the authority shall establish a reserve for losses on uninsured loans made under this section and shall deposit into that reserve an amount equal to 5% of the principal amount of each such uninsured loan on or before the making of the loan. Money may be withdrawn by the authority from this reserve for application as loan repayments in connection with loans that are delinquent. In addition, upon repayment of a loan made, purchased, or participated in under this section, the authority may withdraw the amount deposited in the reserve in connection with that loan, reduced by amounts withdrawn as loan repayments in connection with the loan, and may apply the amounts to any of the

authority's corporate purposes. Income or interest earned by or increment to the reserve due to the investment of the money in the reserve may, at the times determined by the authority, be transferred by the authority to other funds or accounts of the authority and applied to any of the authority's corporate purposes. A loan under this section shall bear interest at a rate and be repaid in the period, not exceeding 30 years, as determined by the authority and under additional terms and conditions as determined by the authority.

(4) A deferred payment loan or grant may be secured or unsecured as determined by the authority, and shall be made under additional terms and conditions determined by the authority.

(5) The authority shall promulgate rules that provide for the availability of loans, grants, and deferred payment loans on an equitable basis to qualified applicants in all geographic areas of this state. With respect to loans, grants, and deferred payment loans made pursuant to this section that are not based on residency in a neighborhood selected pursuant to section 22a(5), eligibility for loans, grants, or deferred payment loans shall not be based upon the number of qualified applicants in the geographic area in which the individual resides.

(6) For purposes of this section, persons and families of low and moderate income means persons and families whose family income does not exceed 175% of the statewide median gross income as determined under section 143 of the internal revenue code, 26 USC 143.

(7) The maximum principal loan amounts for residential property rehabilitation loans, exclusive of finance charges, are as follows:

(a) $50,000.00 for a residential structure containing 1 dwelling unit.

(b) $25,000.00 per dwelling unit for a residential structure containing 2 to 24 dwelling units.

(8) A structure is not required to be of a minimum age to be eligible for rehabilitation under this section.

History: Add. 1977, Act 130, Imd. Eff. Oct. 25, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1982, Act 506, Imd. Eff. Dec. 31, 1982 ;-- Am. 1989, Act 220, Imd. Eff. Dec. 11, 1989 ;-- Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000 ;-- Am. 2004, Act 549, Imd. Eff. Jan. 3, 2005 ;-- Am. 2012, Act 344, Imd. Eff. Nov. 7, 2012

Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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

Sec. 44b.

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

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

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

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

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

(6) The authority may establish additional requirements it considers necessary with respect to the pledging,

assigning, setting aside, or holding of collateral; the making of substitutions for or additions to the collateral; and the disposition of income and receipts from the collateral.

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

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

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

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

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

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

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125.1444c Use of proceeds of notes or bonds; qualification as rehabilitation; establishment of higher income limits; eligibility for occupancy; application; issuance of 6-month commitment to loan funds; limitation on outstanding loan commitments; fees; direct or indirect loan; sale, refinancing, or resyndication; allowable distributions; report to authority; authority-aided mortgage; monitoring compliance; remedies; regulation; liability; priority consideration; unified volume cap not as impairment; student housing project.

Sec. 44c.

(1) If the resolution authorizing the issuance of notes or bonds provides that the notes or bonds are limited and not general obligations of the authority, are not secured by the capital reserve capital account, and are secured solely by revenues and property derived from or obtained in connection with the housing project, the authority shall use the proceeds of those notes or bonds to make loans directly, or indirectly by a loan through a mortgage lender, to a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park corporation, mobile home park association, or public body or agency for the construction, rehabilitation, long-term financing or any combination of construction, rehabilitation, or long-term financing or financing of any of the following:

(a) Multifamily housing projects for students, low income or moderate income persons, or projects with independent living, congregate care, or assisted living units for individuals 55 years of age or older.

(b) Multifamily housing projects in which not less than 20% of the dwelling units are allotted to individuals of low or moderate income within the meaning of former section 103(b)(4)(A) of the internal revenue code of 1954 and in which not more than 80% of the dwelling units are available for occupancy without regard to income.

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

(2) To qualify as rehabilitation under this section, the rehabilitation expenditures with respect to the project must equal or exceed 15% of the proceeds of the related notes or bonds.

(3) Notwithstanding the provisions of this section, the authority may establish by resolution higher income limits for a housing project financed under either subsection (1)(a) or (b) if the authority determines all of the following:

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

(b) For any annual period after the first tenant has occupied the housing project, the owner of the housing project has been unable to attain and sustain at least a 95% occupancy level at the housing project.

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

(5) A borrower seeking to qualify for a loan under this section shall file an application with the authority that includes the following:

(a) A description of the proposed credit enhancement or private placement structure. The proposed credit

enhancement may be in the form of a letter of credit, bonding, guarantee, mortgage insurance, standby purchase agreement, or other appropriate security in an amount sufficient to assure the authority that repayment of notes or bonds issued by the authority is reasonably secure. The proposed private placement structure must provide for the sale and resale of the notes or bonds consistent with the restrictions and limitations established by resolution of the authority. If the authority determines that repayment of the notes or bonds will be reasonably secure because of the proposed credit enhancement or private placement structure, that determination is conclusive and must take the place of the authority's normal underwriting and feasibility review.

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

(c) An application fee equal to 0.0001 multiplied by the principal amount of notes or bonds for which issuance is requested. For a project located in an eligible distressed area, the fee required by this subdivision is refundable if the notes or bonds are not delivered or may be waived by the authority if the owner of the housing project is or will be a nonprofit housing corporation qualified under section 501(c)(3) of the internal revenue code, 26 USC 501(c)(3), or a limited dividend housing association wholly owned and controlled by 1 or more nonprofit corporations qualified under section 501(c)(3) of the internal revenue code, 26 USC 501(c)(3). In all other cases, the fee is nonrefundable.

(6) So long as there is uncommitted bonding capability under the limitations of section 32, the authority may issue a 6-month commitment to loan funds, subject to sale by the authority of its notes and bonds in compliance with applicable law and pursuant to terms and conditions that permit the funding of such loan, either directly or indirectly by a loan through a mortgage lender, to the borrower, upon the determination by the authority of all of the following:

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

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

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

(d) The borrower has provided acceptable evidence of a commitment to issue the proposed credit enhancement or privately purchase the notes or bonds, as referenced in the borrower's application and approved by the authority.

(e) If the loan is made indirectly by a loan through a mortgage lender, the requirements of section 44b have been met.

(7) Unless a borrower is either a nonprofit housing corporation qualified under section 501(c)(3) of the internal revenue code, 26 USC 501(c)(3), or a limited dividend housing association that is wholly owned and controlled by 1 or more nonprofit corporations qualified under section 501(c)(3) of the internal revenue code, 26 USC 501(c)(3), and may borrow money from the authority without an allocation of the state volume limitation, a borrower and any individual who is a related person to the borrower as defined in section 144(a)(3) of the internal revenue code, 26 USC 144(a)(3), shall not have outstanding loan commitments under this section that total more than the greater of $100,000,000.00 or the amount of financing approved for a single project under subsection (6). Once a loan has been made under this section, the commitment made with respect to the loan must no longer be considered to be outstanding.

(8) Simultaneously with the issuance of the loan commitment by the authority, the borrower shall pay a commitment fee established by the authority in the amount of not more than 0.1% of the principal amount of notes or bonds to be issued. The authority shall credit the amount paid by the borrower as an application fee under subsection (5) against this commitment fee. The authority may extend a 6-month loan commitment issued under subsection (6) for an additional 6 months upon payment by the borrower of a nonrefundable extension fee of $5,000.00. The nonrefundable extension fee under this subsection must not be credited against any other fee or payment to the authority.

(9) Within the period during which the commitment is effective, the authority, upon a determination that the terms and conditions of the commitment have been satisfied, shall make its loan directly, or indirectly through a loan to a mortgage lender, to the borrower.

(10) Except as otherwise provided in this subsection, upon issuance of any notes or bonds to finance a housing project under this section, the borrower shall pay when the notes or bonds are issued, in addition to any commitment or extension fee paid under subsection (8), a fee established by the authority of not more than 1.9% of the principal amount of the notes or bonds for a loan made for a project. In addition to the fee to be paid to the authority when notes or bonds are issued under this section, the authority may, at its sole discretion, establish an annual fee, or other administrative fees, to be paid by the borrower during the term of the loan or the applicable compliance monitoring period. All or any portion of the fees due to the authority under this subsection must be paid by the borrower to the authority in annual or semiannual installments, as the authority shall determine, after the date on which notes or bonds are issued to finance the related housing project.

(11) Subject to any rights of the holders of any notes or bonds issued to finance a multifamily housing project under this section, if the owner of a multifamily housing project financed under this section provides evidence satisfactory to the authority that a prospective new owner of the multifamily housing project is an eligible borrower under this act and the exemption from federal income taxation of interest on the notes or bonds issued to finance

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the multifamily housing project will not be impaired as a result of a sale, refinancing, or resyndication, the borrower may sell, refinance from a source other than the authority, or resyndicate that housing project at any time. A prepayment penalty or fee is not required for the sale, refinancing, or resyndication other than any prepayment penalty or fee owing to a mortgage lender, a credit enhancer, or the holders of notes or bonds issued to finance a housing project under this section, except that the owner shall pay all fees of the authority described in subsection (10) before or concurrent with the sale, refinancing, or resyndication. For student housing, a transfer of ownership must be approved by a resolution of the college or university board of trustees for the college or university that approved the initial financing under this section.

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

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

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

(b) The estimated economic and social benefits of that housing project to the immediate neighborhoods in which it has been constructed.

(c) The estimated economic and social benefits of that housing project to the city in which it has been constructed.

(d) Information requested by the authority about that housing project that is needed so that the authority can report the extent of displacement, direct and indirect, of lower income persons caused by housing projects financed under this section, the steps taken by governmental and private parties to ameliorate the displacement, and the results of those efforts.

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

(f) Except for housing for students, the age, race, family size, and average income of the tenants of these housing projects.

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

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

(15) The authority may inspect and audit projects and records of projects financed under this section in order to monitor compliance with the requirements of this section. If there is noncompliance, the authority, pursuant to the provisions of the financing and organizational documents applicable to the transaction, may pursue the remedies that the authority considers appropriate. Except as is required to ensure compliance with this section or section 46 or otherwise required by purchasers of, or a third party credit enhancement provider with respect to, notes or bonds issued to finance a multifamily housing project under this section, the authority shall not regulate, in any manner, a multifamily housing project financed under this section. This section does not preclude the authority from regulating a multifamily housing project in consideration for other types of program benefits, incentives, or concessions provided by the authority in addition to the financing made available under this section.

(16) Notwithstanding any other provision of this section, there is no liability on the part of the authority or its members, officers, employees, or agents, and the assets of the authority must not be subject to any liability, as a result of any act or failure to act under this section on the part of the authority or its members, officers, employees, or agents.

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

(18) Loans must not be made under this section unless the authority determines that use of this state's unified volume cap for a project will not impair the ability of the authority to carry out programs or finance housing developments or housing units that are targeted to lower income persons.

(19) A person or entity that proposes a student housing project shall cooperate with the college or university from which the majority of tenants are proposed to be drawn by using its best efforts to communicate with the college or university regarding the location of and the need for the project. If, in the judgment of the authority, the person or entity proposing the project does not communicate with the college or university and the unit of local

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government where the project is located regarding the location of and need for the project, the authority may deny financing for the project. The authority shall not make a financing commitment for a housing project unless the board of trustees of the college or university from which a majority of students are anticipated to be residents of the housing project adopts a resolution in support of the proposed development.

History: Add. 1984, Act 215, Imd. Eff. July 10, 1984 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1987, Act 86, Imd. Eff. June 30, 1987 ;-- Am. 1987, Act 179, Imd. Eff. Nov. 25, 1987 ;-- Am. 1989, Act 281, Imd. Eff. Dec. 26, 1989 ;-- Am. 1991, Act 138, Imd. Eff. Nov. 22, 1991 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996 ;-- Am. 2004, Act 535, Imd. Eff. Jan. 3, 2005 ;-- Am. 2012, Act 345, Imd. Eff. Nov. 7, 2012 ;-- Am. 2024, Act 71, Imd. Eff. July 8, 2024

125.1444d Authorized loans; purpose; criteria.

Sec. 44d.

(1) The authority may make loans to any nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park association, or mobile home park corporation, or to any public body or agency for the construction or rehabilitation, and for the long-term financing, of housing projects that meet the following criteria:

(a) The housing project provides a system of support services that promote and preserve the independent living of persons with disabilities, the elderly, or other persons at risk of institutionalization.

(b) Social, recreational, medical, and shopping facilities are readily accessible to the residents who cannot provide their own transportation.

(c) An affordable, daily demand actuated transportation system is integrated into the project for elderly and residents with disabilities who are unable to transport themselves.

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History: Add. 1987, Act 86, Imd. Eff. June 30, 1987 ;-- Am. 1998, Act 33, Imd. Eff. Mar. 18, 1998

125.1444e Income eligibility standards applicable to tenant of housing project.

Sec. 44e.

Income eligibility standards applicable to a tenant of a housing project financed under this act shall be complied with at the time of the initial occupancy of the tenant. The authority shall require subsequent compliance with income eligibility standards by an initially eligible tenant only to the extent that the authority determines that compliance is necessary or desirable to effectuate the purposes of this act or applicable federal law.

History: Add. 1987, Act 179, Imd. Eff. Nov. 25, 1987

125.1444f Loan for housing project in effectively treatable area; demonstration of community support; return on investment.

Sec. 44f.

(1) The authority may make a loan to any person or entity, whether for profit or not for profit, for predevelopment costs, or for the construction or rehabilitation, and for the long-term financing, of a 2 to 49 unit housing project located in an effectively treatable area, which project meets the 20-50 or 40-60 test established in section 142 of the internal revenue code, 26 USC 142. For rehabilitation of a housing project in an effectively treatable area by more than 1 owner, the 20-50 or 40-60 test may be met on an aggregate basis.

(2) For purposes of this section, an effectively treatable area is an area that includes or is in close proximity to a

downtown or traditional commercial center and for which the authority has received a plan, to be known as a neighborhood partnership plan, from a municipality or neighborhood organization, or both. The plan shall establish as a goal that at least 75% of the property in the area will be brought to a safe and sanitary condition and shall enable the authority to determine that available private, public, and authority resources will be combined in such a manner as to assure that a majority of the housing in the area will be brought to a safe and sanitary condition. To qualify as an effectively treatable area, the area shall be in a qualified local governmental unit as defined in section 2 of the obsolete properties rehabilitation act, 2000 PA 146, MCL 125.2782, or a county seat and either be within a census tract having a serious housing need or in an area that meets all of the following criteria:

(a) The increase in the state equalized value of real and personal property in the area is less than the increase in the municipality-wide or statewide average, whichever is the lesser increase.

(b) The poverty rate in the area is greater than the statewide average as determined by the most recent federal decennial census.

(c) The average income of the area is less than 80% of the statewide or area median, whichever is greater, as determined using the most recent federal decennial census.

(d) The percentage of overcrowded or underutilized housing units in the area is greater than the municipality-wide average.

(3) The authority shall provide technical assistance to help develop neighborhood partnership plans. The municipality or neighborhood organization that submits the plan shall demonstrate that community support exists and that the provision of a loan under this section will contribute to the larger effort to revitalize the area.

(4) The return on investment to the owner of a project financed under this section is not restricted as long as the housing remains in compliance with all applicable state and local codes and ordinances.

History: Add. 1987, Act 180, Imd. Eff. Nov. 25, 1987 ;-- Am. 2004, Act 535, Imd. Eff. Jan. 3, 2005

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125.1444g Enforcement of promises or commitments; action to be brought against authority.

Sec. 44g.

An action shall not be brought against the authority to enforce any of the following promises or commitments of the authority unless the promise or commitment is in writing and signed with an authorized signature by the authority:

(a) A promise or commitment to lend money, grant or extend credit, or make any other financial accommodation.

(b) A promise or commitment to renew, extend, modify, or permit a delay in repayment or performance of a loan, extension of credit, or other financial accommodation.

(c) A promise or commitment to waive a provision of a loan, extension of credit, or other financial accommodation.

History: Add. 1996, Act 475, Imd. Eff. Dec. 26, 1996

125.1445 Preference to displaced persons.

Sec. 45.

Among low income or moderate income persons, preference shall be given to those displaced by urban renewal, slum clearance, or other governmental action.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993

125.1446 Discrimination.

Sec. 46.

The authority shall require that occupancy of housing projects and residential real property assisted under this act shall be open to all regardless of sex, race, religion, color, national origin, age, marital status, familial status, or disability and that contractors and subcontractors engaged in the construction of housing projects and lending institutions engaged in making residential mortgages, shall take affirmative action to assure an equal opportunity for employment and borrowing. This section does not apply, with respect to the age and familial status provisions only, to the sale, rental, or lease of housing accommodations meeting the requirements of federal, state, or local housing programs for senior citizens, or housing accommodations otherwise intended, advertised, designed, or operated, bona fide, for the purpose of providing housing accommodations for persons 55 years of age or older.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1985, Act 183, Imd. Eff. Dec. 18, 1985 ;-- Am. 1993, Act 220, Imd. Eff. Oct. 29, 1993 ;-- Am. 2000, Act 257, Imd. Eff. June 29, 2000

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125.1447 Obtaining money, property, or service with intent to defraud or cheat; penalty; determination of total value; prior convictions; prohibited use.

Sec. 47.

(1) A person who, with intent to defraud or cheat, designedly by false pretense, including any false statement or representation, obtains money, real or personal property, or the use of an instrument, facility, article, or other valuable thing or service, including without limitation participation in programs initiated pursuant to this act is guilty of a crime as follows:

(a) If the value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service is less than $200.00, the person is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $500.00 or 3 times the value of the land, money, or personal property, or use of an instrument, facility, article, or other valuable thing or service, whichever is greater, or both imprisonment and a fine.

(b) If any of the following apply, the person is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than $2,000.00 or 3 times the value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service, whichever is greater, or both imprisonment and a fine:

(i) The value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service is $200.00 or more but less than $1,000.00.

(ii) The person violates subdivision (a) and has 1 or more prior convictions for committing or attempting to commit an offense under this section.

(c) If any of the following apply, the person is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than $10,000.00 or 3 times the value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service, whichever is greater, or both imprisonment and a fine:

(i) The value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service is $1,000.00 or more but less than $20,000.00.

(ii) The person violates subdivision (b)(i) and has 1 or more prior convictions for violating or attempting to violate this section. For purposes of this subparagraph, however, a prior conviction does not include a conviction for a violation or attempted violation of subdivision (a) or (b)(ii).

(d) If any of the following apply, the person is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than $15,000.00 or 3 times the value of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service, whichever is greater, or both imprisonment and a fine:

(i) The land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service has a value of $20,000.00 or more.

(ii) The person violates subdivision (c)(i) and has 2 or more prior convictions for committing or attempting to commit an offense under this section. For purposes of this subparagraph, however, a prior conviction does not include a conviction for a violation or attempted violation of subdivision (a) or (b)(ii).

(2) The values of the land, money, personal property, or use of an instrument, facility, article, or other valuable thing or service obtained in separate incidents pursuant to a scheme or course of conduct within any 12-month period may be aggregated to determine the total value of the land, money, personal property, or use of an

instrument, facility, article, or other valuable thing or service.

(3) If the prosecuting attorney intends to seek an enhanced sentence based upon the defendant having 1 or more prior convictions, the prosecuting attorney shall include on the complaint and information a statement listing the prior conviction or convictions. The existence of the defendant's prior conviction or convictions shall be determined by the court, without a jury, at sentencing or at a separate hearing for that purpose before sentencing. The existence of a prior conviction may be established by any evidence relevant for that purpose, including, but not limited to, 1 or more of the following:

(a) A copy of the judgment of conviction.

(b) A transcript of a prior trial, plea-taking, or sentencing.

(c) Information contained in a presentence report.

(d) The defendant's statement.

(4) If the sentence for a conviction under this section is enhanced by 1 or more prior convictions, those prior convictions shall not be used to further enhance the sentence for the conviction pursuant to section 10, 11, or 12 of chapter IX of the code of criminal procedure, 1927 PA 175, MCL 769.10, 769.11, and 769.12.

History: Add. 1979, Act 49, Eff. Jan. 1, 1980 ;-- Am. 2001, Act 153, Eff. Jan. 1, 2002

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125.1448 Foreclosure procedures applicable to authority.

Sec. 48.

In addition to other procedures and remedies which may otherwise be available to the authority, the foreclosure procedures set forth in sections 48a to 49u shall be applicable to the authority for the foreclosure of a mortgage or land contract held by the authority and commenced after the effective date of this section.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448a Jurisdiction to foreclose mortgages and land contracts held by authority.

Sec. 48a.

The circuit court has jurisdiction to foreclose mortgages of real estate and land contracts held by the authority.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448b Other civil actions.

Sec. 48b.

(1) If a judgment has been obtained in any other civil action for the money, or part thereof, demanded in the complaint in an action to foreclose a mortgage on real estate or a land contract held by the authority, no proceeding shall be had in the action to foreclose unless the sheriff or other proper officer has returned an execution as unsatisfied, in whole or in part, and certified that he or she can find no property of the defendant out of which to satisfy the execution except the mortgaged premises.

(2) After a complaint has been filed to foreclose a mortgage on real estate or land contract held by the authority, while it is pending, and after a judgment has been rendered upon it, no separate proceeding shall be had for the recovery of the debt secured by the mortgage, or any part of it, unless authorized by the court.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448c Bringing amount due into court before judgment of sale; dismissal of complaint.

Sec. 48c.

Whenever a complaint is filed for the satisfaction or foreclosure of any mortgage on real estate or land contract held by the authority, upon which there is due any interest or any portion or installment of the principal and there are other portions or installments to become due subsequently, the complaint shall be dismissed upon the defendant's bringing into court, at any time before the judgment of sale, the principal and interest due, with costs.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448d Sale of premises pursuant to circuit court order.

Sec. 48d.

Whenever a complaint is filed for the foreclosure or satisfaction of any mortgage on real estate or land contract held by the authority, the court has power to order a sale of the premises which are the subject of the mortgage on real estate or land contract held by the authority, or of that part of the premises which is sufficient to discharge the amount due on the mortgage on real estate or land contract held by the authority, plus costs. But the circuit judge shall not order that the lands subject to the mortgage be sold within 6 months after the filing of the complaint for foreclosure of the mortgage or that the lands which are the subject of the land contract be sold within 3 months after the filing of the complaint for foreclosure of the land contract.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1448e Bringing amount due into court after judgment of sale; stay of proceedings; subsequent default.

Sec. 48e.

If, after a judgment of sale is entered against him or her, the defendant brings into court the principal and interest due with costs, the proceedings in the action shall be stayed; but the court shall enter a judgment of foreclosure and sale to be enforced by a further order of the court upon a subsequent default in the payment of any portion or installment of the principal, or of any interest thereafter to become due.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448f Public sale of land by county clerk, deputy county clerk, or other authorized person; hours; location; sale subject to MCL 600.6091.

Sec. 48f.

All sales of land on foreclosure of a land contract or mortgage on real estate held by the authority shall be made by the county clerk of the county in which the judgment was rendered or of the county where the land or some part of the land is situated, by a deputy county clerk, or by some other person duly authorized by the order of the court. These sales shall be at public sale between the hours of 9 a.m. and 4 p.m. and shall take place at the courthouse or place of holding of the circuit court for the county in which the land or some part of it is situated or at any other

place the court directs. The sale is subject to section 6091 of Act No. 236 of the Public Acts of 1961, as amended, being section 600.6091 of the Michigan Compiled Laws.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448g Deed of sale; execution; operation; right, title, and interest vested in grantee; recordation; redemption of premises.

Sec. 48g.

(1) The person making the sale shall execute deeds specifying the names of the parties in the action, the date of the land contract or mortgage held by the authority, when and where it was recorded, a description of the premises sold, and the amount for which each parcel of land described in the deed was sold; and shall indorse upon each deed the time it becomes operative if the premises are not redeemed according to law. Unless the premises or any parcel of them are redeemed within the time limited for redemption the deed shall become operative as to all parcels not redeemed, and shall vest in the grantee named in the deed or his or her heirs or assigns all the right, title, and interest which the mortgagor had at the time of the execution of the mortgage or at any time thereafter.

(2) The deed of sale as soon as practicable, and within 20 days after the sale, shall be deposited with the register of deeds of the county in which the land described in the deed of sale is situated, and the register shall indorse upon the deed the time it was received and shall record the deed at length in a book to be provided in his or her office for that purpose and shall index the deed in the regular index of deeds, and the fee for recording the deed shall be included among the other costs and expenses allowed by law. If the premises or any parcel of them are redeemed the register of deeds shall write on the face of the record the word "redeemed" and shall write at what date the entry is made and sign the entry with his or her official signature.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1448h Sale proceeds; application to discharge of debt; surplus; interest.

Sec. 48h.

(1) The proceeds of every sale under a judgment shall be applied to the discharge of the debt adjudged by the court to be due and of the costs awarded. If there is any surplus, it shall be brought into court for the use of the defendant, or of the person entitled to it, subject to the order of the court.

(2) If the surplus or any part of it remains in the court for the term of 3 months without being applied for, the circuit court may direct that it be put out at interest under the direction of the court for the benefit of the defendant or his or her representatives, or assigns to be paid to them by the order of the court.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448i Redemption of premises; effect on deed of sale; affidavit.

Sec. 48i.

(1) The mortgagor, the mortgagor's heirs, executors, administrators, or any person lawfully claiming under the mortgagor or the mortgagor's heirs, executors, or administrators may redeem the entire premises sold by paying, within 6 months from the date of the sale, to the purchaser or the purchaser's executors, administrators, or assigns, or to the register of deeds in whose office the deed of sale is deposited as provided in the court rules, for the benefit of the purchaser, the sum which was bid with interest from the date of the sale at the interest rate provided for by the mortgage.

(2) The vendee of a land contract, the vendee's heirs, executors, administrators, or any person lawfully claiming under the vendee of a land contract or the vendee's heirs, executors, or administrators of a land contract may redeem the entire premises sold within 6 months from the date of the sale by paying to the purchaser or the purchaser's executors, administrators, or assigns, or to the register of deeds in whose office the deed of sale is deposited as provided in the court rules, for the benefit of the purchaser, the sum which was bid with interest from the date of the sale at the interest rate provided for by the land contract. In case the sum is paid to the register of deeds, the sum of $5.00 shall be paid to the register of deeds as a fee for the care and custody of the redemption money.

(3) Upon the payment of sums required under this section, the deed of sale is void. If a distinct lot or parcel separately sold is redeemed, leaving a portion of the premises unredeemed, then the deed of sale is void only as to the portion or portions of the premises which are redeemed. The register of deeds shall not determine the amount necessary for redemption. The purchaser shall attach an affidavit with the deed to be recorded that states the exact amount required to redeem the property, including any daily per diem amounts, and the date by which the property must be redeemed shall be stated in the certificate of sale. The purchaser may include in the affidavit the name of a designee responsible on behalf of the purchaser to assist the person redeeming the property in computing the exact amount required to redeem the property. The designee may charge a fee as stated in the affidavit and may be authorized by the purchaser to receive redemption funds. The purchaser shall accept the amount computed by the designee.

(4) The amount stated in any affidavits recorded under this section shall be the amount necessary to satisfy the requirements for redemption under this section.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 2004, Act 540, Eff. Mar. 30, 2005

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125.1448j Adding property tax and insurance premium payments made after foreclosure to amount due in judgment; determination of additional liability; affidavits; receipt; redemption.

Sec. 48j.

The court may make provision in any judgment of foreclosure for the adding to the amount determined in the judgment to be due, any sum or sums paid at any time after the foreclosure and prior to the expiration of the period of redemption, as taxes assessed against the property or the portion of the premium of any insurance policy covering any buildings located on the premises as is required to keep the policy in force until the expiration of the period of redemption or both the taxes assessed the property and the portion of the premium of any insurance policy covering any buildings located on the premises as is required to keep the policy in force until the expiration of the period of redemption, if under the terms of the mortgage it would have been the duty of the defendants determined to be personally liable to have paid the taxes or insurance premium had the mortgage not been foreclosed. In case of any such payment which is made prior to the entry of the order confirming the report of sale by the person making the sale, determination of the additional liability shall be made in the order. In case of any such payment made after the entry of the order, proof of the payment may be made by filing with the register of deeds with whom the deed of sale is deposited, an affidavit of payment by the purchaser or someone in his or her behalf having knowledge of the facts together with a receipt evidencing the payment of the taxes, or, in case of insurance premiums, an affidavit of an agent of the insurance company stating the making of the payment and also what portion of the payment covers the premium for the period prior to the expiration of the period of redemption. Redemption shall not be effected after the determination, or filing of affidavit and receipt, or affidavits, as the case may be, except upon payment of the additional sum or sums. In case the property is not redeemed, the taxes or premiums paid after the confirmation of sale shall not be added to or included in the deficiency judgment.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448k Personal liability on land contract or for mortgage debt; original judgment; deficiency; delivery of premises to purchaser; order.

Sec. 48k.

In the original judgment in foreclosure cases the court shall determine and adjudge which defendants, if any, are personally liable on the land contract or for the mortgage debt. The judgment shall provide that upon the confirmation of the report of sale that if either the principal, interest, or costs ordered to be paid, is left unpaid after applying the amount received upon the sale of the premises, the clerk of the court shall issue execution for the amount of the deficiency, upon the application of the attorney for the authority without notice to the defendant or his or her attorney. The court may order and compel the delivery of the possession of the premises to the purchaser at the sale.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448l Forfeiture, foreclosure, or specific performance proceedings; minimum price.

Sec. 48l.

In any forfeiture, foreclosure, or specific performance case based upon a mortgage on real estate or land contract held by the authority, the court may fix and determine the minimum price at which the real property covered by the mortgage or land contract may be sold at the sale under the forfeiture, foreclosure, or specific performance proceedings.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1448m Land contract or mortgage debt secured by evidence of debt of person other than vendee or mortgagor; party; court order.

Sec. 48m.

If the land contract or mortgage debt is secured by the obligation or other evidence of debt of any other person besides the vendee or mortgagor, the authority may make that person a party to the action, and the court may order payment of the balance of the debt remaining unsatisfied, after a sale of the mortgaged premises, against this other person as well as against the vendee or mortgagor, and may enforce this judgment as in other cases.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448n Sale of premises; default subsequent to judgment.

Sec. 48n.

(1) If the defendant does not bring into the court the amount due, with costs, or if for any other cause a judgment is entered for the authority, and if it appears that the premises can be sold, in parcels, without injury to the interests of the parties, the judgment shall direct as much of the premises subject to the mortgage or land contract held by the authority to be sold as is sufficient to pay the amount then due on the mortgage or land contract, with costs, and the judgment shall remain as security for any subsequent default.

(2) If there is any default subsequent to the judgment, in the payment of any portion or installment of the principal or of any interest due upon the mortgage or land contract held by the authority, the court may, upon the petition of the authority, by a further order founded upon the first judgment, direct a sale to be made of as much of the premises subject to the mortgage or land contract as is sufficient to satisfy the amount due, with costs of the petition and subsequent proceedings on it, and the same proceedings may be had as often as a default happens.

(3) If it appears to the court that the premises subject to the mortgage or land contract held by the authority are so situated that a sale of the whole premises will be most beneficial to the parties, the judgment shall be entered for the sale of the whole premises in the first instance. In this case the proceeds of the sale shall be applied to the

interest and each portion or installment of the principal due as well as towards the whole or residue of the sum secured by the mortgage or land contract and not due and payable at the time of the sale. If the residue does not bear interest, the court may direct that the residue be paid with a rebate of the legal interest for the time during which the residue will not be due and payable; or the court may direct that the balance of the proceeds of the sale, after paying the sum due with costs, be put out at interest for the benefit of the authority, to be paid to the authority as the installments or portions of the principal, or the interest become due, and the surplus for the benefit of the defendant or his or her representatives or assigns, to be paid to the defendant or his or her representatives on the order of the court.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448o Action to discharge mortgage or land contract; judgment entered by court; contents; minutes; delivery of judgment to authority; recordation of judgment.

Sec. 48o.

(1) When a recorded mortgage on real property or land contract held by the authority has been paid or satisfied or when 15 years have elapsed since the debt secured by the mortgage or land contract became due and payable or since the last payment made upon it, and no civil action or proceedings have been commenced to collect the same, the owner of the land or property may institute an action in the circuit court to discharge the mortgage or land contract.

(2) If it appears to the court at the trial, either by the production in evidence of the original mortgage, land contract, or note to secure the payment of which the mortgage was given, or by any other competent evidence, that the debt secured by the mortgage or land contract has been fully paid both in principal and interest; or if it appears to the court by competent evidence that the debt has been past due for 15 years, or that 15 years have elapsed since the last payment was made on the debt and that no action or proceeding has been commenced to foreclose or perfect the mortgage or land contract, the court shall enter judgment to that effect which contains within it the names of the witnesses and the nature of the evidence by which the facts have been made to appear. A minute of this shall be entered in the court's journal. A copy of the judgment, signed by the judge or the court and attested by the clerk of the court under the seal of the court shall be delivered to the authority and may be recorded in the office of the register of deeds of the county or counties in which the mortgage or land contract is recorded in the same manner and with the same effects in all respects as if it were a formal discharge of the mortgage or land contract duly executed by the authority.

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History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1448p Equitable actions.

Sec. 48p.

Actions under sections 48a to 48o are equitable in nature.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449 Foreclosure by advertisement.

Sec. 49.

Every mortgage of real estate held by the authority which contains a power of sale, upon default being made in any condition of such mortgage, may be foreclosed by advertisement, in the cases and in the manner specified in

sections 49a to 49v, including the giving of a notice as described in sections 49b and 49c.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

125.1449a Right of authority to give notice and make foreclosure; conditions; mortgage securing payment of money by installments; installment as separate and independent mortgage; foreclosure and redemption.

Sec. 49a.

(1) To entitle the authority to give a notice as prescribed in sections 49b and 49c, and to make such foreclosure, all of the following are required:

(a) That some default in a condition of such mortgage shall have occurred, by which the power to sell became operative.

(b) That no suit or proceeding shall have been instituted, at law, to recover the debt then remaining secured by such mortgage, or any part thereof; or if any suit or proceeding has been instituted, that the suit or proceeding has been discontinued, or that an execution upon the judgment rendered therein has been returned unsatisfied, in whole or in part.

(c) That the mortgage containing such power of sale has been duly recorded; and if it shall have been assigned, that all the assignments thereof have been recorded.

(2) In cases of mortgages given to secure the payment of money by installments, each of the installments mentioned in such mortgage after the first, shall be taken and deemed to be, a separate and independent mortgage, and such mortgage for each of such installments may be foreclosed in the same manner and with the identical effect as if such separate mortgages were given for each of such subsequent installments and a redemption of any such sale by the mortgagor shall have the identical effect as if the sale for such installments had been made upon an independent prior mortgage.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1449b Notice of sale; publication; posting copy of notice upon premises.

Sec. 49b.

Notice that the mortgage held by the authority will be foreclosed by a sale of the mortgaged premises, or some part of them, shall be given by publishing the same for 4 successive weeks at least once in each week, in a newspaper published in the county where the premises included in the mortgage and intended to be sold, or some part of them, are situated. If no newspaper is published in the county, the notice shall be published in a newspaper published in an adjacent county. In every case within 15 days after the first publication of the notice, a true copy shall be posted in a conspicuous place upon any part of the premises described in the notice.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449c Notice of sale; contents.

Sec. 49c.

Every notice required under section 49 shall specify all of the following:

(a) The names of the mortgagor and of the mortgagee, and the assignee of the mortgage, if any.

(b) The date of the mortgage, and when recorded.

(c) The amount claimed to be due on the mortgage at the date of the notice.

(d) A description of the mortgaged premises, conforming substantially with that contained in the mortgage.

(e) The length of the redemption period as determined under section 49j.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449d Sale of premises at public sale; hours; location; appointed person; highest bidder.

Sec. 49d.

The sale shall be at public sale, between the hours of 9 a.m. and 4 p.m., at the place of holding the circuit court for the county in which the premises to be sold, or some part of them, are situated, and shall be made by the person appointed for that purpose in the mortgage, or by the sheriff, undersheriff, or a deputy sheriff of the county, to the highest bidder.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1449e Adjournment of sale; request; notice; oral announcement unnecessary.

Sec. 49e.

The sale may be adjourned from time to time, by the sheriff or other officer or person appointed to make such sale at the request of the party in whose name the notice of sale is published by posting a notice of such adjournment before or at the time of and at the place where the sale is to be made, and if any adjournment be for more than 1 week, at 1 time, the notice of the adjournment, appended to the original notice of sale, shall also be published in the newspaper in which the original notice was published, the first publication to be within 10 days of the date from which the sale was adjourned and thereafter once in each full calendar week during the time for which such sale shall be adjourned. No oral announcement of any adjournment shall be necessary.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449f Sale of distinct farms, tracts, or lots separately or together.

Sec. 49f.

If the mortgaged premises consist of distinct farms, tracts, or lots not occupied as 1 parcel, they shall be sold separately, and no more farms, tracts, or lots shall be sold than shall be necessary to satisfy the amount due on such mortgage at the date of the notice of sale, with interest and the cost and expenses allowed by law but if distinct lots be occupied as 1 parcel, they may in such case be sold together.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449g Purchase of premises by authority or its successor or assign permitted.

Sec. 49g.

The authority or its successor or assign, may fairly and in good faith, purchase the premises so advertised, or any part thereof, at such sale.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449h Deed; execution, acknowledgment, and delivery by officer or person making sale; separate deeds where lands situated in several counties; endorsement, recordation, and indexation of deed by register of deeds; redemption.

Sec. 49h.

The officer or person making the sale shall forthwith execute, acknowledge, and deliver, to each purchaser a deed of the premises bid off by the officer or person making the sale; and if the lands are situated in several counties, the officer or person making the sale shall make separate deeds of the lands in each county, and specify in each deed the precise amount for which each parcel of land described in the deed was sold. The officer or person making the sale shall endorse upon each deed the time when the deed becomes operative, if the premises are not redeemed according to law. Each deed shall, as soon as practicable, and within 20 days after such sale, be deposited with the register of deeds of the county in which the land described in the deed is situated, and the register shall endorse on the deed the time the deed was received, and for the better preservation thereof, shall record the deed at length in a book to be provided in his or her office for that purpose; and shall index the deed in the regular index of deeds. The fee for recording the deed shall be included among the other costs and expenses allowed by law. In case such premises shall be redeemed, the register of deeds shall, at the time of destroying the deed, as provided in section 49l, write on the face of the record the word "redeemed", stating at what date the entry is made, and signing the entry with his or her official signature.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1449i Deed; right, title, and interest vested in grantee; record of deed valid without re-recordation; effect of sale on valid subsisting lien created before mortgage lien took effect.

Sec. 49i.

Unless the premises described in such deed shall be redeemed within the time limited for such redemption as provided in section 49j, such deed shall thereupon become operative, and shall vest in the grantee therein named or his or her heirs or assigns, all the right, title, and interest which the mortgagor had at the time of the execution of the mortgage, or at any time thereafter, except as to any parcel or parcels which may have been redeemed and canceled, as provided in sections 49j to 49u; and the record thereof shall thereafter, for all purposes be deemed a valid record of the deed without being re-recorded, but no person having any valid subsisting lien upon the mortgaged premises or any part thereof, created before the lien of such mortgage took effect, shall be prejudiced by any such sale, nor shall his or her rights or interests be in any way affected thereby.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449j Redemption of premises; payment of taxes or insurance premiums; redemption period; fees or charges.

Sec. 49j.

(1) If the mortgagor, the mortgagor's heirs, executors, administrators, or any person lawfully claiming under the mortgagor or the mortgagor's heirs, executors, or administrators, redeems the entire premises sold within the time prescribed in this section by paying to the purchaser or the purchaser's executors, administrators, or assigns, or to the register of deeds in whose office the deed is deposited for the benefit of the purchaser, the sum which was bid

for the premises, with interest from the date of the sale at the interest rate provided for by the mortgage, and in case the payment is made to the register of deeds, the sum of $5.00 as a fee for the care and custody of the redemption money, then the deed is void. If a distinct lot or parcel separately sold is redeemed, leaving a portion of the premises unredeemed, then the deed is void only as to the parcel or parcels redeemed. The register of deeds shall not determine the amount necessary for redemption. The purchaser shall attach an affidavit with the deed to be recorded that states the exact amount required to redeem the property, including any daily per diem amounts, and the date by which the property must be redeemed shall be stated in the certificate of sale. The purchaser may include in the affidavit the name of a designee responsible on behalf of the purchaser to assist the person redeeming the property in computing the exact amount required to redeem the property. The designee may charge a fee as stated in the affidavit and may be authorized by the purchaser to receive redemption funds. The purchaser shall accept the amount computed by the designee.

(2) If, following the sale, the purchaser pays any taxes assessed against the property or insurance premiums covering any buildings located on the property which under the terms of the mortgage were the duty of the mortgagor and are necessary to keep the policy in force until the expiration of the period of redemption, and the purchaser or a representative of the purchaser having knowledge of the facts may make an affidavit of the payment showing the amount and items paid, together with the receipt of payment of the taxes or insurance premiums, together with an affidavit of an insurance agent of the insurance company stating the making of the payment and also what portion of the policy covers the premium for the period before the expiration of the period of redemption, the affidavits and the receipt shall be filed with the register of deeds with whom the deed is deposited, who shall endorse on the deed the time the affidavits and receipt were received. The register of deeds shall record the affidavit of the purchaser only and file the recorded affidavit, together with the tax and insurance receipts and insurance agent's affidavit, until expiration of the period of redemption.

(3) After the purchaser's affidavit is recorded under this section, redemption shall only be made upon payment of the sum specified in subsections (1) and (2), with interest on the amount, from the date of the payment to the date of redemption, at the interest rate specified in the mortgage.

(4) In the case of a mortgage executed on commercial or industrial property, or multifamily residential property in excess of 4 units, the redemption period is 6 months from the time of the sale.

(5) In the case of a mortgage executed on residential property not exceeding 4 units and not more than 3 acres in size, if the amount claimed to be due on the mortgage at the date of the notice of foreclosure is more than 66-2/3% of the original indebtedness secured by the mortgage, the redemption period is 6 months.

(6) In the case of a mortgage on residential property not exceeding 4 units and not more than 3 acres in size, if the property is abandoned as determined under section 49k, the redemption period is 3 months.

(7) In the case of any mortgage on residential property not exceeding 4 units and not more than 3 acres in size, if the amount claimed to be due on the mortgage at the date of the notice of foreclosure is more than 66-2/3% of the original indebtedness secured by the mortgage and the property is abandoned as determined under section 49k, the redemption period is 1 month.

(8) If the property is abandoned as determined under section 49v, the redemption period is 30 days.

(9) In any other case not otherwise described in this section, the redemption period is 1 year from the date of the sale.

(10) If an automation fund is established under section 2568 of the revised judicature act of 1961, MCL 600.2568, any fees or charges collected by the register of deeds under this section or section 48i shall be credited to the automation fund.

(11) The amount stated in any affidavits recorded under this section shall be the amount necessary to satisfy the requirements for redemption under this section.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993 ;-- Am. 2004, Act 540, Eff. Mar. 30, 2005

125.1449k Abandonment of premises; presumption.

Sec. 49k.

For purposes of sections 49 to 49u, abandonment of premises shall be conclusively presumed upon satisfaction of all of the following requirements:

(a) Within 30 days before the commencement of foreclosure proceedings under this chapter, the authority mails by certified mail, return receipt requested, to the mortgagor's last known address a notice that the subject mortgage is in default and that the authority intends to foreclose it.

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(b) Before commencement of foreclosure proceedings under this chapter, the authority executes and causes to be duly recorded in the county where the premises are located an affidavit that states all of the following:

(i) That the authority has mailed to the last known address of the mortgagor a notice of default and intention to foreclose pursuant to subdivision (a) and that the mortgagor has not responded to the notice.

(ii) That the authority has made a personal inspection of the mortgaged premises and that the inspection does not reveal that the mortgagor or persons claiming under him or her are presently occupying or intend to occupy the premises.

(c) The authority mails by certified mail, return receipt requested, a copy of the affidavit recorded pursuant to subdivision (b) to the mortgagor at his or her last known address before commencement of foreclosure proceedings.

(d) The mortgagor; his or her heirs, executors, or administrators; or any person lawfully claiming from, or under the mortgagor or the mortgagor's heirs, executors, or administrators, before expiration of the period of redemption, does not give a written affidavit to the authority and record a duplicate original in the county where the premises are located stating that the mortgagor or person claiming under him or her is occupying or intends to occupy the premises.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

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125.1449l Payment of entire sum bid at sale, interest, and fee, or delivery of certificate of payment to register; destruction of deed; memoranda.

Sec. 49l.

Upon the payment of the entire sum bid at such sale, and interest on the entire sum bid, and the fee of $5.00 mentioned in section 49j to the register in whose office the deed therefor shall have been deposited, or upon delivering to such register a certificate, signed and acknowledged by the person entitled to receive the certificate, and certified by some officer authorized to take the acknowledgment of deeds, setting forth that such sum, with interest, has been paid to such person, and upon paying to such register a fee of 25 cents, the register shall thereupon destroy such deed, and shall enter in the margin of the record of such mortgage, a memorandum that such mortgage is satisfied; or in case the premises shall have been sold in parcels, and 1 or more of said parcels shall have been redeemed, as provided in section 49j, it shall then be the duty of the register to enter upon the face of the sheriff's deed, and the record thereof, a memorandum that the sheriff's deed is inoperative as to the parcel or parcels so redeemed, and to enter in the margin of the record of such mortgage a memorandum that the mortgage is satisfied as to the parcel or parcels so redeemed.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449m Refusal to make and acknowledge certificate of payment; liability; damages; civil action.

Sec. 49m.

If any person entitled to receive such redemption moneys, shall, upon payment or tender thereof to him or her, refuse to make and acknowledge such certificate of payment, he or she shall be liable to the person aggrieved thereby, in the sum of $100.00 damages, over and above all the actual damages sustained, to be recovered in a civil action, except that no damages of any kind may be recovered from any register of deeds who refuses to accept tender of payment after the time indorsed upon the deed when the deed becomes operative in case the premises are not redeemed, and the officer or person making the sale shall be entitled to rely conclusively upon the recital of the length of the redemption period contained in the notice of foreclosure in making such indorsement upon the deed.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449n Disposition of surplus money remaining after sale of real estate.

Sec. 49n.

If after any sale of real estate, made as prescribed in sections 49 to 49v, the officer or other person making the sale has any surplus money after satisfying the mortgage on which the real estate was sold, and payment of the costs and expenses of the foreclosure and sale, the surplus shall be paid over by the officer or other person on demand, to the mortgagor or his or her legal representatives or assigns, unless at the time of the sale, or before the surplus is paid over, a claimant or claimants file with the person making the sale, a claim or claims, in writing, duly verified by the oath of the claimant or his or her agent or attorney, that the claimant has a subsequent mortgage or lien encumbering the real estate, or some part of the real estate, and stating the amount of the mortgage or lien unpaid, setting forth the facts and nature of the mortgage or lien, in which case the person making the sale shall immediately upon receiving the claim pay the surplus to, and file the written claim with, the clerk of the circuit court for the county in which the sale is made. A person interested in the surplus may apply to the court for an order to take proofs of the facts and circumstances contained in the claim or claims filed. The court shall summon the claimant or claimants, party, or parties interested in the surplus to appear before the court at a time and place named by the court, and attend the taking of the proof, and the claimant or claimants or party interested who appear may examine witnesses and produce such proof as they see fit. The court shall make an order directing the disposition of the surplus money or payment of the surplus money in accordance with the rights of the claimant or claimants or persons interested.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

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125.1449o Perpetuating evidence of sale; affidavit; endorsement upon or annexation to instrument; references.

Sec. 49o.

(1) A party desiring to perpetuate the evidence of a sale made pursuant to sections 49 to 49v, may procure 1 or more of the following:

(a) An affidavit of the publication of the notice of sale, and of any notice of postponement, to be made by the publisher of the newspaper in which the notice was inserted, or by a person in the employ of the publisher of the newspaper knowing the facts.

(b) An affidavit of the fact of a sale pursuant to such notice, to be made by the person who acted as auctioneer at the sale, stating the time and place at which the sale took place, the sum bid, and the name of the purchaser.

(c) An affidavit setting forth the time, manner, and place of posting a copy of such notice of sale to be made by the person posting the copy of the notice.

(2) Where any or all of the affidavits described in subsection (1) are endorsed upon or annexed to 1 instrument, a single copy of the notice of sale, and a single copy of any notice of postponement, is sufficient to annex to the instrument, and reference made in any of the affidavits to the copy of notice of sale and to the copy of any notice of postponement of sale as annexed or attached shall be considered to refer to the single copy of notice of sale and to the single copy of any notice of postponement.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

125.1449p Taking and certifying affidavits.

Sec. 49p.

The affidavits specified in section 49o may be taken and certified by any officer authorized by law to administer oaths.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449q Recording affidavits; presumptive evidence of facts.

Sec. 49q.

Such affidavits shall be recorded at length by the register of deeds of the county in which the premises are situated, in a book kept for the record of deeds; and such original affidavits, the record thereof, and certified copies of such record, shall be presumptive evidence of the facts therein contained.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449r Note recording evidence of sale to be made in margin of mortgage record.

Sec. 49r.

A note referring to the page and book where the evidence of any sale having been made under a mortgage, is recorded, shall be made by the register recording such evidence, in the margin of the record of such mortgage, if such record be in his or her office.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

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125.1449s Notice of payment to purchaser, agent, or attorney.

Sec. 49s.

Upon the payment of the entire sum bid at such sale, and the interest thereon and expenses, as mentioned in section 49j, to the register of deeds of the county in whose office the sheriff's deed shall have been deposited, the register of deeds shall give notice of such payment, by mail or otherwise to the purchaser or his or her agent or attorney.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981

125.1449t Right to enter mortgaged premises to post or serve notices.

Sec. 49t.

Incident to the foreclosure of a mortgage pursuant to sections 49 to 49v, the authority or its agents or assigns may enter the mortgaged premises for the purpose of posting or serving the notices required by sections 49 to 49v.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

125.1449u Action to recover deficiency judgment against mortgagor; defense; applicability of section.

Sec. 49u.

If, in the foreclosure of a mortgage by advertisement under this section and sections 49 to 49v, a sale of real property has been made or is made by the authority, at which the authority has become or becomes the purchaser, or takes or has taken title to the real property at the sale either directly or indirectly, and the authority sues for and undertakes to recover a deficiency judgment against the mortgagor or other maker of the obligation or any other person liable on the obligation, the defendant against whom such deficiency judgment is sought may allege and show, as a matter of defense and set-off to the extent only of the amount of the authority's claim, that the property sold was fairly worth the amount of the debt secured by it at the time and place of sale or that the amount bid was substantially less than its true value. The showing constitutes a defense to the action and defeats the deficiency judgment against the defendant, either in whole or in part to that extent. This section does not affect nor apply to the rights of other purchasers or of innocent third parties, nor shall it be held to affect or defeat the negotiability of any note, or other obligation secured by such mortgage or other instrument. The proceedings described in this section in no way affect the title of the purchaser to the lands acquired by such purchase. This section does not apply to foreclosure sales made pursuant to an order or decree of court nor to any judgment sought or rendered in any foreclosure suit nor to any chancery sale made and confirmed.

History: Add. 1981, Act 173, Imd. Eff. Dec. 10, 1981 ;-- Am. 1993, Act 221, Imd. Eff. Oct. 29, 1993

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125.1449v Foreclosure against residential property not exceeding 4 units and not more than 3 acres; applicability of section.

Sec. 49v.

(1) For purposes of this chapter, if foreclosure proceedings have been commenced under this chapter against residential property not exceeding 4 units and not more than 3 acres in size, abandonment of premises shall be conclusively presumed upon satisfaction of all of the following requirements:

(a) The mortgagee has made a personal inspection of the mortgaged premises and the inspection does not reveal that the mortgagor or persons claiming under the mortgagor are presently occupying or will occupy the premises.

(b) The mortgagee has posted a notice at the time of making the personal inspection and has mailed by certified mail, return receipt requested, a notice to the mortgagor at the mortgagor's last known address, which notices state that the mortgagee considers the premises abandoned and that the mortgagor will lose all rights of ownership 30 days after the foreclosure sale unless the mortgagor; the mortgagor's heirs, executor, or administrator; or a person lawfully claiming from or under 1 of them provides the notice described in subdivision (c).

(c) Within 15 days after receipt of a notice required by subdivision (b), the mortgagor; the mortgagor's heirs, executor, or administrator; or a person lawfully claiming from or under 1 of them does not give written notice by first-class mail to the mortgagee at an address provided by the mortgagee in the notices required by subdivision (b) stating that the premises are not abandoned.

(2) This section applies to a foreclosure proceeding filed or pending after the effective date of the amendatory act that added this section.

History: Add. 1993, Act 221, Imd. Eff. Oct. 29, 1993

Chapter 3

125.1451 Definitions.

Sec. 51.

(1) The definitions in section 11 shall apply to this chapter, unless otherwise provided in this chapter.

(2) As used in this chapter:

(a) "Low and moderate income housing" means housing financed by bond issues authorized under this act, by federally-aided mortgages as defined in section 11(c), or by other programs directed toward providing housing within the financial means of low and moderate income families as the authority shall determine.

(b) "Probable aggregate annual income" means the total annual income of the chief wage earner or supporter of the family, plus the income of secondary wage earners in excess of $1,200.00 per year and the income of minors in excess of $800.00 per year, but excluding completely the income of college students.

(c) "Carrying charges" or "rental" means all regular charges paid on a periodic basis to a housing corporation by a person or family living in a rental or cooperative housing project, excluding initial down payments.

(d) "Housing charges" means monthly rentals or carrying charges, and includes estimated or actual expenditures for heat, light, water, cooking fuel, and other utilities, and other reasonable expenditures which the authority determines to be a part of housing charges.

(e) "Shelter rent" means the rental or carrying charges established for occupancy in housing projects, exclusive of payments for taxes and charges for heat, light, water, cooking fuel, and other necessary utilities.

(f) "Low income persons" means those persons designated as "low income persons" by the authority under section 22(o).

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

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125.1452 Low and moderate income housing; dwelling units to certain low income persons and families.

Sec. 52.

The authority may provide that up to 25% of the dwelling units in any development providing low and moderate income housing under federal, state or local government programs be made available to low income families and persons whose probable aggregate yearly income is less than 4 times as large as the regular yearly housing charges for such dwelling units. The dwelling units shall be made available to these families and persons at monthly rental payments or carrying charges so that yearly housing charges do not exceed 25% of the probable aggregate yearly income of such persons or families. The authority is authorized to contract with sponsors or owners of housing developments for up to 3,750 such units during the fiscal year ending June 30, 1967.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1453 Low income housing; criteria for determination of occupant eligibility; rental charges.

Sec. 53.

For purposes of carrying out the provisions of this chapter, the authority shall establish criteria and procedures for determining the eligibility of occupants and rental or carrying charges, including criteria and procedures with respect to periodic review of occupant incomes and periodic adjustment of rental or carrying charges.

History: 1966, Act 346, Eff. Mar. 10, 1967 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970

125.1454 Low and moderate income housing; agreements for services of selection of eligible families and individuals.

Sec. 54.

The authority may enter into agreements, or authorize housing owners or sponsors to enter into agreements, with public or private agencies for services required in the selection of families and individuals who qualify under this chapter.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1455 Low and moderate income housing; rights of persons or families benefited.

Sec. 55.

The authority shall provide that low income families or persons benefiting under this chapter shall have the same rights, privileges and duties as other residents, except that no member of a cooperative, upon the resale of his membership in the cooperative, shall be reimbursed for any equity increment accumulated as a result of payments under this chapter. The authority shall endeavor to guarantee that knowledge of the special circumstances of such low income families is not divulged to other residents.

History: 1966, Act 346, Eff. Mar. 10, 1967

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125.1456 Low and moderate income housing; financing for small scale housing developments.

Sec. 56.

In special circumstances where the authority deems it appropriate in order to accomplish the purposes of this act, the authority may provide the necessary financing for small scale housing developments built primarily for low income families and individuals eligible for lower rentals or carrying charges under this chapter, and may waive the requirement that no more than 25% of the dwelling units in any particular project may be made available to low income families under this section.

History: 1966, Act 346, Eff. Mar. 10, 1967

125.1457 Appropriation.

Sec. 57.

There is hereby appropriated $5,000.00 from the general fund for the fiscal year ending June 30, 1967 for the administration of this act.

History: 1966, Act 346, Eff. Mar. 10, 1967

CHAPTER 3A

125.1458 Definitions.

Sec. 58.

(1) The definitions in section 11 apply to this chapter unless otherwise provided in this chapter.
(2) As used in this chapter:
(a) "Adjacent neighborhood" means a residential area as determined by the authority immediately adjoining or near a downtown area within the same municipality.
(b) "Adjusted household income" means that term as defined in rules of the authority.
(c) "Downtown area" means an area where 20 or more contiguous properties have been planned, zoned, or used

for commercial purposes for 50 or more years and where a majority of the buildings are built adjacent to each other as determined by the authority and up to the public right-of-way. In order to be a downtown area, the area shall contain a significant number of multilevel, mixed use buildings and property in the downtown area must be owned by more than 3 private owners.

(d) "Eligible applicant" means a not-for-profit corporation, a for-profit corporation, a municipality, a land bank fast track authority organized under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774, or a partnership that is approved by the authority and that is organized for the purpose of developing and supporting affordable housing for low income, very low income, or extremely low income households or projects located in a downtown area or adjacent neighborhood.

(e) "Extremely low income household" means a person, a family, or unrelated persons living together whose adjusted household income is not more than 30% of the area median income, as determined by the authority.

(f) "Fund" means the Michigan housing and community development fund created in section 58a.

(g) "Low income household" means a person, a family, or unrelated persons living together whose adjusted household income is more than 50% but not more than 60% of the area median income, as determined by the authority.

(h) "Mixed use buildings" means buildings that can be used for more than 1 purpose, and in any combination, including, but not limited to, residential housing combined with either commercial or retail space.

(i) "Multifamily housing" means a building or buildings providing housing to 2 or more households, none of which is owner occupied.

(j) "Project" means those activities defined under section 58c.

(k) "Supportive housing" means a rental housing project in which some or all of the units are targeted to people with household incomes at or below 30% of area median income and that provide services, either directly or contracted for, to those people that include, but are not limited to, mental health, substance abuse services, counseling services, and daily living services.

(l) "Very low income household" means a person, a family, or unrelated persons living together whose adjusted household income is not more than 50% of the area median income, as determined by the authority.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004 ;-- Am. 2008, Act 216, Imd. Eff. July 16, 2008
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

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125.1458a Michigan housing and community development fund; creation; administration; credit of amounts and earnings from investments; availability of money for disbursement; money in fund at end of fiscal year.

Sec. 58a.

(1) The Michigan housing and community development fund is created as a separate fund in the authority.

(2) The fund shall be administered by the authority, and money in the fund shall be expended only as provided in this act.

(3) The authority shall credit to the fund all amounts appropriated to the fund or to the authority for the fund and any other money made available to the authority for the fund from any other source for the purposes under this act. The authority, on behalf of the fund, may solicit and accept gifts, grants, labor, loans, and other aid from any person, government, or entity. The authority may receive money or other assets from any source for deposit into the fund, including, but not limited to, federal funds, gifts, bequests, and donations.

(4) The authority shall invest the money and credit the earnings from the investments to the fund in accordance with section 22.

(5) Money appropriated to the fund or to the authority for the fund shall be available for disbursement by the authority upon appropriation.

(6) Money in the fund at the close of a fiscal year shall remain in the fund and shall not lapse to the general fund.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004 ;-- Am. 2008, Act 216, Imd. Eff. July 16, 2008

125.1458b Michigan housing and community development program; creation and implementation; purpose; availability of financing to eligible applicants; biennial allocation plan; public hearings; annual report; rules.

Sec. 58b.

(1) The authority shall create and implement the Michigan housing and community development program for the purpose of developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state.

(2) The authority shall identify, select, and make financing available to eligible applicants from money in the fund or from money secured by the fund for housing for low income, very low income, and extremely low income households and for projects located in a downtown area or adjacent neighborhood. This subsection does not preclude the authority from using other resources in conjunction with the fund for a purpose authorized under this chapter.

(3) The authority shall develop a biennial allocation plan providing for the allocation of money from the fund, according to all of the following:

(a) The allocation plan shall contain a formula for distributing money throughout the state based on the number of persons experiencing poverty, economic, and housing distress in various regions of the state.

(b) The allocation plan shall include a preference for special population groups described in section 58c(2).

(c) Not less than 25% of the fund shall be earmarked for rental housing projects that do not qualify under preferences for special population groups or other preferences contained in the allocation plan.

(d) Not less than 30% of the fund shall be earmarked for projects that target extremely low income households and include at a minimum developing housing for the homeless, supportive housing, transitional housing, and permanent housing.

(e) A rental housing project assisted by the fund must set aside at least 20% of the rental units included in the project for households earning no more than 60% of the area median income.

(f) A home ownership project assisted by the fund must set aside at least 20% of the housing units in the project for households earning no more than 60% of the area median income.

(g) Money that has not been committed at the end of a fiscal year shall not be carried over in the category to which the money had been allocated during that fiscal year, but shall be reallocated for the next fiscal year according to the next fiscal year's allocation plan.

(5) Prior to developing the biennial allocation plan, the authority shall hold public hearings in at least 3 separate locations in this state regarding the content of the biennial allocation plan. The authority may make modifications to the allocation plan necessary to facilitate the administration of the Michigan housing and community development program or to address unforeseen circumstances.

(6) The authority shall issue an annual report to the governor and the legislature summarizing the expenditures of the fund for the prior fiscal year including at a minimum a description of the eligible applicants that received funding, the number of housing units that were produced, the income levels of the households that were served, the number of homeless persons served, and the number of downtown areas and adjacent neighborhoods that receive financing.

(7) The authority may promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this chapter.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004 ;-- Am. 2008, Act 244, Imd. Eff. July 17, 2008
Compiler's Notes: Subsection (5) should evidently be numbered (4), subsection (6) should evidently be numbered (5), and subsection (7) should evidently be numbered (6).

125.1458c Expenditures; purposes.

Sec. 58c.

(1) The authority shall expend money in the fund to make grants, mortgage loans, or other loans to eligible applicants as provided in this section to enable eligible applicants to finance any of the following with respect to housing or home ownership for low income, very low income, and extremely low income households and with respect to projects located in a downtown area or adjacent neighborhood:

(a) Acquisition of land and buildings.

(b) Rehabilitation.

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(c) New construction.
(d) Development and predevelopment costs.
(e) Preservation of existing housing.
(f) Community development projects, including, but not limited to, infrastructure improvements, economic development projects, blight elimination, or community facilities.
(g) Insurance.
(h) Operating and replacement reserves.
(i) Down payment assistance.
(j) Security deposit assistance.
(k) Foreclosure prevention and assistance.
(l) Individual development accounts established under the individual or family development account program act, 2006 PA 513, MCL 206.701 to 206.711.
(m) Activities related to ending homelessness.
(n) Assistance to nonprofit organizations, municipalities, and land bank fast track authorities organized under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.
(o) Predatory lending prevention or relief.
(2) The authority shall expend a portion of the fund for housing for persons with physical or mental handicaps and persons living in eligible distressed areas.
(3) The authority may make a loan to an eligible applicant from the fund at no interest or at below market interest rates, with or without security, and may make a loan for predevelopment financing.
(4) The authority may provide assistance to eligible applicants for housing units for very low income or extremely low income households within multifamily housing that is occupied partly by very low income or extremely low income households and partly by households that do not qualify as very low income or extremely low income households, subject to the rules promulgated by the authority.
(5) The authority may expend money in the fund for all other things necessary to achieve the objectives and purposes of the fund or this chapter.
(6) When performing functions under this chapter, the authority shall consider advice provided by the committee created under section 58e.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004 ;-- Am. 2008, Act 216, Imd. Eff. July 16, 2008
Compiler's Notes: To avoid a conflict with MCL 206.701 to 206.713 as added by Act 38 of 2011, MCL 206.701 to 206.711 of Act 513 of 2006 were renumbered as 206.901 to 206.911.

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125.1458d Housing assistance; conditions.

Sec. 58d.

The authority shall not provide assistance for housing under this chapter unless both of the following circumstances exist:
(a) If the housing is multifamily housing, the owner or manager agrees in writing not to evict a tenant without just cause, as defined in section 44a of 1933 (Ex Sess) PA 18, MCL 125.694a.
(b) The housing is sold or rented with a deed restriction, agreement, or other legal document that provides for the recapture of some or all of the assistance provided under this chapter upon terms and conditions specified in rules of the authority promulgated under section 58b(3).

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004

125.1458e Michigan housing and community development fund advisory committee; creation; membership; terms; vacancy; compensation; expenses; chairperson; vice-chairperson; scope of advice; space, supplies, and staff; public meetings; quorum; majority vote; information used for personal gain prohibited; adoption of code of ethics.

Sec. 58e.

(1) The Michigan housing and community development fund advisory committee is created in the authority. The committee shall have 10 members. Members of the committee shall include the executive director of the authority, who shall serve as a nonvoting ex officio member, and the following 9 members appointed by the governor with the advice and consent of the senate:

(a) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the speaker of the house of representatives.

(b) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the majority leader of the senate.

(c) An individual representing cities, villages, or townships.

(d) An individual representing local housing organizations.

(e) An individual representing nonprofit organizations.

(f) An individual representing a local economic development corporation, a downtown development authority, a corridor improvement authority, a business improvement district, or a principal shopping district.

(g) An individual representing a local neighborhood association or neighborhood improvement authority.

(h) Two other residents of this state.

(2) Except as provided in subsection (3), the term of a member of the committee appointed by the governor under subsection (1) shall be 4 years.

(3) Of the members initially appointed by the governor under subsection (1), 2 members shall be appointed for a term expiring on November 30, 2008, 2 members shall be appointed for a term expiring on November 30, 2009, 3 members shall be appointed for a term expiring on November 30, 2010, and 2 members shall be appointed for a term expiring on November 30, 2011.

(4) A vacancy on the committee arising for a reason other than the expiration of a term shall be filled in the same manner as the original appointment for the remainder of the unexpired term.

(5) Members of the committee shall serve without compensation but, subject to available funding, may receive reimbursement for their actual and necessary expenses while attending meetings or performing other authorized official business of the committee.

(6) The governor shall designate 1 member of the committee to serve as chairperson of the committee at the pleasure of the governor. The members of the committee may elect a member of the committee to serve as vice-chairperson of the committee and may elect other members of the committee as officers of the committee as the committee considers appropriate.

(7) The committee may advise the authority on all of the following:

(a) Recommendations for the biennial allocation plan required under section 58b.

(b) Expenditures from the fund under this chapter, including all of the following:

(i) Whether expenditures are distributed fairly and equitably.

(ii) Whether expenditures satisfy housing needs and priorities in this state.

(iii) Whether expenditures satisfy the economic needs and priorities of communities benefiting from the expenditures.

(8) The committee may meet with representatives of the authority, including authority employees and members of the board of directors of the authority, to discuss and provide advice on matters relating to the fund.

(9) The authority may provide the committee with meeting space, supplies, and staff to support the functions of the committee under this section.

(10) A meeting of the committee shall be conducted as a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the date, time, and place of a public meeting of the committee shall be given as prescribed in the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A majority of the members of the committee serving constitute a quorum for the transaction of the committee's business. The committee shall act by a majority vote of its serving members.

(11) A member of the committee shall not use for personal gain information obtained by the member while performing business of the committee, nor shall a member of the committee disclose confidential information obtained by the member while conducting committee business, except as necessary to perform committee business. The committee shall adopt a code of ethics for its members and establish policies and procedures requiring the disclosure of relationships that may give rise to a conflict of interest. The committee shall require that any member of the committee with a direct or indirect interest in any matter before the committee disclose the member's interest to the committee before the committee takes any action on the matter.

History: Add. 2008, Act 244, Imd. Eff. July 17, 2008

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125.1458f Rights of holders of authority bonds or notes; construction of chapter as to status of money

controlled by authority.

Sec. 58f.

(1) When performing duties under this chapter, the authority and the committee created under section 58e shall remain cognizant of the rights of the holders of authority bonds or notes and the extent to which certain authority bond and note contracts may require the authority to either maintain sufficient personnel or contract for services to plan authority programs and to supervise enforcement and, where necessary, foreclosure of authority mortgage agreements.

(2) Nothing in this chapter shall be construed to affect the status of money of the authority controlled by the authority as state funds appropriated to the authority lose their identity as state funds upon payment to the authority and become public funds of the authority solely under the control of the authority and funds established by or within the authority and are public trust funds administered by the authority. Nothing in this chapter shall be construed to impair the obligation of any bond or note issued by the authority. Bonds and notes issued by the authority are obligations of the authority and not obligations of this state.

History: Add. 2008, Act 244, Imd. Eff. July 17, 2008

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CHAPTER 3B

125.1459 Definitions.

Sec. 59.

(1) The definitions in section 11 apply to this chapter unless otherwise provided in this chapter.

(2) As used in this chapter:

(a) "Area median income" means the median income for the area as determined under section 8 of the United States housing act of 1937, 42 USC 1437f, adjusted for family size.

(b) "Income" means an amount determined in a manner consistent with the determination of lower income families under section 8 of the United States housing act of 1937, 42 USC 1437f.

(c) "Supportive housing property" means property that meets all of the following requirements:

(i) Is owned by an organization exempt under section 501(c)(3) of the internal revenue code, 26 USC 501, or by a nonprofit housing corporation organized under chapter 4.

(ii) All living units are occupied by 1 or more persons each having incomes at or below 30% of the area median income and who each individually receive services for not less than 1 hour per month either directly from or contracted for by an organization identified in subparagraph (i), which services include, but are not limited to, mental health, substance abuse, counseling, and assistance with daily living.

(iii) Consists of not more than 6 individual living units.

(d) "Individual living unit" means an accommodation containing a living area, 1 to 4 sleeping areas, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from any other accommodations. An individual living unit may be served by heating or cooling facilities that also serve additional units. An individual unit shall not provide housing for more than 6 individuals.

History: Add. 2008, Act 456, Eff. Oct. 29, 2009 ;-- Am. 2010, Act 144, Imd. Eff. Aug. 4, 2010
Compiler's Notes: Enacting section 1 of Act 456 of 2008 contained tie bars to House Bills 5437 and 5438. House Bill 5437 was filed with the Secretary of State January 9, 2009, and became 2008 PA 454, Imd. Eff. Jan. 9, 2009. House Bill 5438 was not enacted by the legislature of the 2008 regular session; it was not presented to the governor and did not become a public act.Enacting section 1 of Act 127 of 2009 repealed enacting section 1 of Act 456 of 2008, thereby removing the tie bars. Act 456 of 2008 became effective October 29, 2009.For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1459a Supportive housing property; filing in affidavit form; certification by authority; filing of certified notification of exemption with local assessing officer; certification on first-come, first-served basis; limitation.

Sec. 59a.

The owner of supportive housing property shall file with the local assessing officer a notification of that status, which shall be in an affidavit form as provided by the authority. The completed affidavit form first shall be submitted to the authority before November 1 of the year preceding the tax year in which the exemption is to begin for certification by the authority that the project is supportive housing property. The owner then shall file the certified notification of the exemption with the local assessing officer before December 1 of the year preceding the tax year in which the exemption is to begin. The authority shall not accept any affidavits filed with it for certification on or after November 1 of any year. The authority shall certify property as supportive housing property on a first-come, first-served basis. The authority shall not certify more than 250 individual living units in each year, and not more than 62 units certified as supportive housing property for a year can be in a single county. If by November 1 of any year the total number of living units that the authority has certified for that year is fewer than 250 living units, the authority may, subject to the annual state-wide limit of 250 living units, certify additional living units in any county that had previously reached the 62-unit limit. This certification shall be on a first-come, first-served basis, based on affidavits filed with the authority before November 1 of that year, but after the county involved reached the 62-unit limit. If not all of the affidavits can be certified without reaching the 250-unit limit, and the date and time of the filing of those affidavits does not establish which were filed earliest, the authority shall select and certify affidavits within that group randomly, keeping a balance of certified units among counties that have more than 62 certified units.

History: Add. 2008, Act 456, Eff. Oct. 29, 2009 ;-- Am. 2010, Act 144, Imd. Eff. Aug. 4, 2010
Compiler's Notes: Enacting section 1 of Act 456 of 2008 contained tie bars to House Bills 5437 and 5438. House Bill 5437 was filed with the Secretary of State January 9, 2009, and became 2008 PA 454, Imd. Eff. Jan. 9, 2009. House Bill 5438 was not enacted by the legislature of the 2008 regular session; it was not presented to the governor and did not become a public act.Enacting section 1 of Act 127 of 2009 repealed enacting section 1 of Act 456 of 2008, thereby removing the tie bars. Act 456 of 2008 became effective October 29, 2009.

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Chapter 4

125.1461 Nonprofit housing corporations; incorporation.

Sec. 61.

Nonprofit housing corporations shall be incorporated pursuant to the provisions of this chapter and the nonprofit corporation act, Act No. 162 of the Public Acts of 1982, being sections 450.2101 to 450.3192 of the Michigan Compiled Laws.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1987, Act 180, Imd. Eff. Nov. 25, 1987
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1462 Qualified nonprofit housing corporations; corporate name.

Sec. 62.

The term "nonprofit housing corporation" or "nonprofit housing company" shall be included as a part of the corporate name as set forth in the certificate of incorporation.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968

125.1463 Nonprofit housing corporation; articles of incorporation.

Sec. 63.

In addition to other requirements of law, the articles of incorporation of a nonprofit housing corporation shall provide all of the following:

(a) That the corporation has been organized exclusively to provide housing facilities for any 1 or more of the following classes of persons, to be specified in the articles of incorporation: (i) persons of low income, (ii) persons of low and moderate income, and (iii) persons whose income does not exceed limits established in this act. The articles of incorporation may also permit the corporation to provide any social, recreational, commercial, and communal facilities necessary to serve and improve a residential area in which authority-aided or federally-aided housing is located or is planned to be located, thereby enhancing the viability of the housing.

(b) That all the income and earnings of the corporation shall be used exclusively for corporate purposes and that no part of the net income or net earnings of the corporation shall inure to the benefit or profit of a private individual, firm, corporation, partnership, or association.

(c) That the corporation is in no manner controlled or under the direction or acting in the substantial interest of any private individual, firm, partnership, or association seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transactions with the corporation.

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

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984

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125.1464 Directors, additional, power of authority.

Sec. 64.

The articles shall provide that the authority shall have the power to appoint to the board of directors of the corporation a number of new directors, which number shall be sufficient to constitute a majority of the board, notwithstanding any other provisions of the articles of incorporation or any other provisions of law, if:

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

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

(c) The authority determines that some part of the net income or net earnings of the corporation is inuring to the benefit of any private individual, firm, corporation, partnership or association.

(d) The authority determines that the corporation is in some manner controlled by or under the direction of or acting in the substantial interest of any private individual, firm, corporation, partnership or association seeking to derive benefit or gain therefrom or seeking to eliminate or minimize losses in any dealings or transactions therewith.

(e) The authority determines that the corporation is in violation of the rules promulgated under section 22.

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

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1465 Articles of incorporation; filing, approval.

Sec. 65.

The department of the treasury, corporation division, shall not file the articles of incorporation of the corporation unless the consent or approval of the authority is attached or affixed thereto.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968

Chapter 5

125.1471 Consumer housing cooperatives; incorporation.

Sec. 71.

Consumer housing cooperatives shall be incorporated pursuant to the provisions of the Michigan general corporation act and the provisions of this chapter.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

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125.1472 "Consumer housing cooperative" as part of corporate name; exception.

Sec. 72.

(1) Except as provided in subsection (2), the term "consumer housing cooperative" shall be included as a part of the corporate name as set forth in the certificate of incorporation.

(2) This section shall not apply to a corporation organized before March 10, 1967, as a nonprofit cooperative corporation pursuant to sections 98 to 132 of Act No. 327 of the Public Acts of 1931, as amended, being sections 450.98 to 450.132 of the Michigan Compiled Laws.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978

125.1473 Consumer housing cooperative; articles of incorporation.

Sec. 73.

In addition to other requirements of law, the articles of incorporation of a consumer housing cooperative shall provide all of the following:

(a) That the consumer housing cooperative has been organized exclusively to provide authority-aided housing facilities for persons of low and moderate income, or for persons whose income does not exceed limits established in this act, and for social, recreational, commercial, and communal facilities necessary to serve and improve a residential area in which authority-aided or federally-aided housing is located or is planned to be located thereby enhancing the viability of the housing or that the consumer housing cooperative has been organized to provide nonauthority aided housing for persons of low and moderate income or persons whose income does not exceed limits established in this act, and at least 50% of the cooperative's assets are in housing with the remaining assets being utilized to meet other consumer needs.

(b) That all income and earnings of the consumer housing cooperative shall be used exclusively for consumer housing cooperative purposes and that an unreasonable part of the net income or net earnings of the cooperative shall not inure to the benefit or profit of a private individual, firm, corporation, partnership, or association.

(c) That the consumer housing cooperative is not controlled or under the direction of or acting in the substantial interest of a private individual, firm, corporation, partnership, or association seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transaction with the cooperative. However,

this subdivision shall apply to individual cooperators of a consumer housing cooperative only in those circumstances prescribed by the authority in its rules.

(d) That the housing operations of the consumer housing cooperative may be supervised by the authority or by any other governmental body as the authority directs, and that the consumer housing cooperative shall enter into agreements with the authority or with the governmental body as the authority requires. These agreements shall provide for regulation by the authority or by the governmental body of the planning, development, and management of a housing project undertaken by the consumer housing cooperative and the disposition of the property and franchises of the cooperative. This subdivision shall not apply to a consumer housing cooperative which was organized before March 10, 1967, as a nonprofit cooperative corporation pursuant to sections 98 to 132 of Act No. 327 of the Public Acts of 1931, as amended, being sections 450.98 to 450.132 of the Michigan Compiled Laws.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

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125.1474 Appointment of directors sufficient in number to constitute majority of board; conditions; exception.

Sec. 74.

(1) Except as provided in subsection (2), the articles shall provide that the authority shall have the power to appoint to the board of directors of the consumer housing cooperative a number of new directors, which number shall be sufficient to constitute a majority of the board, notwithstanding any other provisions of the articles of incorporation or any other provisions of law, if:

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

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

(c) The authority determines that some unreasonable part of the net income or net earnings of the consumer housing cooperative shall inure to the benefit of a private individual, firm, corporation, partnership, or association.

(d) The authority determines that the consumer housing cooperative is in some manner controlled by or under the direction of or acting in the substantial interest of a private individual, firm, corporation, partnership, or association seeking to derive benefit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transaction therewith, except that the foregoing shall apply to individual cooperators of a consumer housing cooperative only in those circumstances defined by the authority in its rules.

(e) The authority determines that the consumer housing cooperative is in violation of the rules promulgated under section 22.

(f) The authority determines that the consumer housing cooperative is in violation of an agreement entered into with the authority providing for regulation by the authority of the planning, development, and management of a housing project undertaken by the consumer housing cooperative or the disposition of the property and franchises of the cooperative.

(2) This section shall not apply to a consumer housing cooperative which was organized before March 10, 1967, as a nonprofit cooperative corporation pursuant to sections 98 to 132 of Act No. 327 of the Public Acts of 1931, as amended.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968 ;-- Am. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1978, Act 192, Imd. Eff. June 4, 1978
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1475 Articles of incorporation; filing, approval of authority.

Sec. 75.

The department of the treasury, corporation division, shall not file the articles of incorporation of the consumer housing cooperative unless the consent or approval of the authority is attached or affixed thereto.

History: Add. 1968, Act 343, Imd. Eff. July 19, 1968

Chapter 6

125.1481 Limited dividend housing corporations; incorporation.

Sec. 81.

Limited dividend housing corporations shall be incorporated or qualified pursuant to the provisions of the general corporation act and this chapter.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

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125.1482 Corporate name.

Sec. 82.

The term "limited dividend housing corporation" shall be included as a part of the corporate name as set forth in the certificate of incorporation or certificate of authority.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970
Compiler's Notes: The phrase “certificate of incorporation” in this section should evidently read “articles of incorporation.”

125.1483 Limited dividend housing corporation; articles of incorporation.

Sec. 83.

In addition to other requirements of law, the articles of incorporation of any limited dividend housing corporation shall provide all of the following:

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

(b) That every stockholder of the limited dividend housing corporation shall be deemed, by the subscription to or receipt of stock in the corporation, to have agreed that he or she at no time shall receive from the corporation in repayment of his or her investment any sums in excess of the face value of the investment plus cumulative dividends at a rate which the authority determines to be reasonable and proper, computed from the initial date on which money was paid or property delivered in consideration for the proprietary interest of the stockholder; and that upon the dissolution of the limited dividend housing corporation, any surplus in excess of those amounts shall be paid to the authority or to any other regulating governmental body as the authority directs.

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

and management of any housing project undertaken by the limited housing corporation and the disposition of the property and franchises of the corporation.

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1976, Act 410, Imd. Eff. Jan. 9, 1977 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984
Compiler's Notes: In the last sentence of subdivision (c), the phrase "limited housing corporation" should evidently read "limited dividend housing corporation."

125.1484 Surplus; definition.

Sec. 84.

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

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

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125.1485 Directors, additional, power of authority.

Sec. 85.

The articles shall provide that the authority shall have the power to appoint to the board of directors of the limited dividend housing corporation a number of new directors, which number shall be sufficient to constitute a majority of the board, notwithstanding any other provisions of the articles or any other provisions of law, if:

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

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

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

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

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

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1486 Articles of incorporation; filing, approval.

Sec. 86.

The department of the treasury, corporation division, shall not accept the articles of incorporation of the limited

dividend housing corporation unless the consent or approval of the authority is attached or affixed thereto.

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

Chapter 7

125.1491 Limited dividend housing association; approval; membership.

Sec. 91.

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

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

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125.1492 Association name.

Sec. 92.

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

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

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

Sec. 93.

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

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

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

(c) That the operations of the limited dividend housing association may be supervised by the authority or by any

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

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

125.1494 Surplus; definition.

Sec. 94.

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

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

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125.1495 Managing agent; power of authority.

Sec. 95.

The partnership agreement, joint venture agreement, trust agreement or other document of basic organization, as the case may be, shall provide that the authority shall have the power to appoint a managing agent of the limited dividend housing association and its members, who may be an officer, employee, or agent of the authority, and said managing agent shall have complete power to act as agent and attorney in fact for the limited dividend housing association and its members, in connection with any asset or liability of the limited dividend housing association, to fulfill any obligations the limited dividend housing association may have the authority, if:

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

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

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

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

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

History: Add. 1970, Act 129, Imd. Eff. July 29, 1970
Compiler's Notes: The phrase “may have the authority, if:” in the last sentence of the first paragraph of this section should evidently read “may have the authority, if any one of the following occurs:”.
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1496 Basic organization document; approval.

Sec. 96.

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

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

Chapter 8

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125.1497 Applicability of chapter to mobile home park corporations.

Sec. 97.

This chapter shall apply to mobile home park corporations receiving benefits under this act.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1497a Mobile home park corporation; incorporation and qualification requirements.

Sec. 97a.

A mobile home park corporation shall be incorporated and qualified pursuant to the provisions of the corporation laws of this state and this chapter.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

125.1497b Corporate name.

Sec. 97b.

The term "mobile home park corporation" shall be included as part of the corporate name set forth in the certificate of incorporation or certificate of authority.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

125.1497c Mobile home park corporation; articles of incorporation.

Sec. 97c.

In addition to other requirements of law, the articles of incorporation of any mobile home park corporation shall

provide all of the following:

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

(b) That every stockholder of the mobile home park corporation shall be deemed, by the subscription to or receipt of stock in the corporation, to have agreed that he or she at no time shall receive from the corporation in repayment of his or her investment any sums in excess of the face value of the investment plus cumulative dividends at a rate which the authority determines to be reasonable and proper, computed from the initial date on which money was paid or property delivered in consideration for the proprietary interest of the stockholders; and that upon the dissolution of the mobile home park corporation, any surplus in excess of those amounts shall be paid to the authority or to any other regulating governmental body as the authority directs.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984

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125.1497d Articles of incorporation; appointment of new directors to board of directors; majority; conditions.

Sec. 97d.

The articles of incorporation shall provide that the authority may appoint to the board of directors of the mobile home park corporation a number of new directors, which number shall be sufficient to constitute a majority of the board, notwithstanding any other provisions of the articles or any other provisions of law, if any 1 of the following occurs:

(a) The mobile home park corporation has received a loan or advance as provided for in this act and the authority determines that the loan or advance is in jeopardy of not being repaid.

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

(c) The authority determines that a portion of the net income or net earnings of the mobile home park corporation, in excess of that permitted by other provisions of this act, shall inure to the benefit of any private individual, firm, corporation, partnership, or association.

(d) The authority determines that the mobile home park corporation is in violation of the rules promulgated under section 22.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1497e Articles of incorporation; approval of terms.

Sec. 97e.

Before any mobile home park corporation can receive any benefits under this act, the authority must approve the terms of the articles of incorporation.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

125.1497f "Surplus" construed.

Sec. 97f.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

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Chapter 9

125.1498 Applicability of chapter to mobile home park associations.

Sec. 98.

This chapter shall apply to mobile home park associations receiving benefits under this act.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1498a Mobile home park association; included entities; approval; membership.

Sec. 98a.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1996, Act 475, Imd. Eff. Dec. 26, 1996

125.1498b Mobile home park association name.

Sec. 98b.

The term "mobile home park association" shall be included as part of the name of any mobile home park

association.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

125.1498c Mobile home park association; provisions of partnership agreement, joint venture agreement, trust agreement, or other document of basic organization.

Sec. 98c.

In addition to other requirements of law, the partnership agreement, joint venture agreement, trust agreement, or other document of basic organization of the mobile home park association shall provide all of the following:

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

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

(c) That the operations of the mobile home park association may be supervised by the authority or by any other governmental body the authority directs, and that the mobile home park association shall enter into agreements with the authority or with the governmental body as the authority from time to time requires pursuant to rules promulgated under section 22. The agreements shall provide for regulation by the authority or the governmental body of the planning, development, and management of any housing project undertaken by the mobile home park association and the disposition of the property and franchises of the mobile home park association.

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History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1984, Act 215, Imd. Eff. July 10, 1984
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1498d Document of basic organization; managing agent; appointment; powers; conditions.

Sec. 98d.

The partnership agreement, joint venture agreement, trust agreement, or other document of basic organization shall provide that the authority may appoint a managing agent of the mobile home park association and its members, who may be an officer, employee, or agent of the authority. The managing agent appointed shall have complete power to act as agent and attorney-in-fact for the mobile home park association and its members, in connection with any assets or liability of the mobile home park association, to fulfill any obligations the mobile home park association may have to the authority, if any 1 of the following occurs:

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

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

(c) The authority determines that a portion of the net income or net earnings of the mobile home park association, in excess of that permitted by other provisions of this act, shall inure to the benefit of any private individual, firm, corporation, partnership, trust, or association.

(d) The authority determines that the mobile home park association is in violation of the rules promulgated under

section 22.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983
Admin Rule: R 125.101 et seq. of the Michigan Administrative Code.

125.1498e Document of basic organization; approval of terms.

Sec. 98e.

Before any mobile home park association can receive any benefits as a result of qualifying under this act, the authority must approve the terms of the partnership agreement, joint venture agreement, trust agreement, or other document of basic organization.

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

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125.1498f "Surplus" construed.

Sec. 98f.

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

History: Add. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983

Chapter 10

125.1499 Mutual housing association generally.

Sec. 99.

A mutual housing association shall be a nonprofit corporation or cooperative corporation incorporated pursuant to the laws of this state or authorized to transact business in this state that operates in accordance with this chapter.

History: Add. 1989, Act 220, Imd. Eff. Dec. 11, 1989
Compiler's Notes: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1499a Mutual housing association; corporate name.

Sec. 99a.

The term "cooperative" or "mutual housing association" shall be included as a part of the corporate name as set forth in the certificate of incorporation of a mutual housing association.

History: Add. 1989, Act 220, Imd. Eff. Dec. 11, 1989

125.1499b Mutual housing association; requirements.

Sec. 99b.

A mutual housing association shall meet all of the following requirements:

(a) At least 75% of its voting members or shareholders shall be residents of housing owned or operated by it.

(b) A major purpose of the mutual housing association shall be to provide high quality, long-term housing to low and moderate income persons who have no equity or ownership interest in the housing except through membership in the mutual housing association, and who shall have the following rights:

(i) A right to become a member of the mutual housing association.

(ii) A right to participate in the ongoing operation and management of the housing.

(iii) A right to continue to reside in the housing for as long as the member complies with the terms of the occupancy agreement and rules and regulations of the mutual housing association, and meets any health requirements that the mutual housing association establishes as a condition of continued occupancy.

(c) Any profit or surplus earned by the mutual housing association is used, as determined by its board of directors, for 1 or more of the following purposes:

(i) To establish reserves.

(ii) To reduce rent.

(iii) To make physical improvements to the housing.

(iv) To develop or acquire new affordable housing.

History: Add. 1989, Act 220, Imd. Eff. Dec. 11, 1989

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125.1499c Loans or grants.

Sec. 99c.

The authority may make a loan or grant to a nonprofit housing corporation or association, mobile home park corporation or association, or limited dividend housing corporation or association that is established and controlled by a mutual housing association on the same basis as a loan or grant may be made to such an organization not established and controlled by a mutual housing association.

History: Add. 1989, Act 220, Imd. Eff. Dec. 11, 1989