

HOUSE BILL No. 4874

May 25, 1989, Introduced by Rep. Saunders and referred to the Committee on Urban Affairs.

A bill to amend sections 11, 22, 32, 32a, 32b, 44, and 44a of Act No. 346 of the Public Acts of 1966, entitled as amended "State housing development authority act of 1966," sections 11, 22, and 32 as amended by Act No. 180 of the Public Acts of 1987, section 32a as amended by Act No. 183 of the Public Acts of 1985, sections 32b and 44 as amended by Act No. 179 of the Public Acts of 1987, and section 44a as amended by Act No. 506 of the Public Acts of 1982, being sections 125.1411, 125.1422, 125.1432, 125.1432a, 125.1432b, 125.1444, and 125.1444a of the Michigan Compiled Laws; and to add chapter 10.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 11, 22, 32, 32a, 32b, 44, and 44a of
2 Act No. 346 of the Public Acts of 1966, sections 11, 22, and 32
3 as amended by Act No. 180 of the Public Acts of 1987, section 32a
4 as amended by Act No. 183 of the Public Acts of 1985, sections

1 32b and 44 as amended by Act No. 179 of the Public Acts of 1987,
2 and section 44a as amended by Act No. 506 of the Public Acts of
3 1982, being sections 125.1411, 125.1422, 125.1432, 125.1432a,
4 125.1432b, 125.1444, and 125.1444a of the Michigan Compiled Laws,
5 are amended and chapter 10 is added to read as follows:

6 Sec. 11. As used in this act:

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

9 (b) "Development costs" means the costs ~~which~~ THAT have
10 been approved by the authority as appropriate expenditures, and
11 includes:

12 (i) Payments for options to purchase properties on the pro-
13 posed housing project site, deposits on contracts of purchase,
14 or, with the prior approval of the authority, payments for the
15 purchases of those properties.

16 (ii) Legal, organizational, and marketing expenses, includ-
17 ing payment of attorneys' fees, project manager and clerical
18 staff salaries, office rent, and other incidental expenses.

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

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

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

24 (vi) Other expenses incurred by the nonprofit housing corpo-
25 ration, consumer housing cooperative, limited dividend housing
26 corporation, mobile home park corporation, or mobile home park

1 association which the authority considers appropriate to
2 effectuate the purposes of this act.

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

4 (i) A below market interest rate mortgage insured, pur-
5 chased, or held by the secretary of the department of housing and
6 urban development.

7 (ii) A market interest rate mortgage insured by the secre-
8 tary of housing and urban development and augmented by a program
9 of rent supplements.

10 (iii) A mortgage receiving interest reduction payments pro-
11 vided by the secretary of housing and urban development.

12 (iv) A mortgage receiving special benefits under other fed-
13 eral law designated specifically to develop low and moderate
14 income housing, consistent with this act.

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

17 (e) "Project cost" means the sum total of all reasonable or
18 necessary costs incurred by the nonprofit housing corporation,
19 consumer housing cooperative, limited dividend housing corpora-
20 tion, mobile home park corporation, or mobile home park associa-
21 tion for carrying out all works and undertakings for the comple-
22 tion of a housing project and approved by the authority. In
23 addition to other reasonable and necessary costs, "project costs"
24 includes costs for all of the following: studies and surveys;
25 plans, specifications, and architectural and engineering serv-
26 ices; legal, organization, marketing, or other special services;
27 financing, acquisition, demolition, construction, equipment, and

1 site development of new and rehabilitated buildings; movement of
2 existing buildings to other sites; rehabilitation, reconstruc-
3 tion, repair, or remodeling of existing buildings; carrying
4 charges during construction; the cost of placement of tenants or
5 occupants, and relocation services in connection with a housing
6 project; and, to the extent not already included, all development
7 costs.

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

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

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

19 (iii) Social, recreational, commercial, and communal facili-
20 ties as the authority finds necessary to serve and improve a res-
21 idential area in which housing pursuant to subparagraph (i) or
22 (ii) is located or is planned to be located, thereby enhancing
23 the viability of the housing.

24 (g) "Low income or moderate income persons" means families
25 and persons who cannot afford to pay the amounts at which private
26 enterprise, without federally-aided mortgages or loans from the
27 authority, is providing a substantial supply of decent, safe, and

1 sanitary housing and who fall within income limitations set in
2 this act or by the authority in its rules. Among low income or
3 moderate income persons, preference shall be given to the elderly
4 and those displaced by urban renewal, slum clearance, or other
5 governmental action.

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

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

9 (j) "Governing body" means in the case of a city, the coun-
10 cil or commission of the city; in the case of a village, the
11 council, commission, or board of trustees of the village; in the
12 case of a township, the township board; and in the case of a
13 county, the county board of commissioners.

14 (k) "Nonprofit housing corporation" means a nonprofit corpo-
15 ration incorporated pursuant to the corporation laws of this
16 state and chapter 4.

17 (l) "Consumer housing cooperative" means a nonprofit corpo-
18 ration incorporated pursuant to the corporation laws of this
19 state and chapter 5.

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

25 (n) "Taxing jurisdiction" means a municipality, county, or
26 district, including a school district or any special district

1 having the power to levy or collect taxes upon real property or
2 in whose behalf taxes may be levied or collected.

3 (o) "Elderly" means a family in which the head of the house-
4 hold is 62 years of age or older or a single person who is 62
5 years of age or older.

6 (p) "Housing development" means a development ~~which~~ THAT
7 contains a significant element of housing for persons of low or
8 moderate income and elements of other housing and commercial,
9 recreational, industrial, communal, and educational facilities
10 ~~which~~ THAT the authority determines improve the quality of the
11 development as it relates to housing for persons of low or moder-
12 ate income.

13 (q) "Limited dividend housing corporation" means a corpora-
14 tion incorporated or qualified pursuant to the corporation laws
15 of this state and chapter 6 and a limited dividend housing asso-
16 ciation organized and qualified pursuant to chapter 7.

17 (r) "Residential real property" means real property located
18 in this state, used for residential purposes, and improved or to
19 be improved by a residential structure. Residential real prop-
20 erty includes a mobile home, a mobile home park, and a mobile
21 home condominium project. When the terms "rehabilitate" or
22 "rehabilitation" are used in conjunction with residential real
23 property, residential real property refers to property improved
24 by a residential structure.

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

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

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

5 (i) An area located in a city with a population of at least
6 10,000 which area is either designated as a "blighted area" by a
7 local legislative body pursuant to Act No. 344 of the Public Acts
8 of 1945, as amended, being sections 125.71 to 125.84 of the
9 Michigan Compiled Laws, or which area is determined by the
10 authority to be blighted or largely vacant by reason of clearance
11 of blight, if, with respect to the area, the authority determines
12 all of the following:

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

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

25 (ii) A municipality ~~which~~ THAT meets all of the following
26 requirements:

1 (A) The municipality shows a negative population change from
2 1970 to the date of the most recent federal decennial census.

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

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

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

12 (E) The municipality has had an unemployment rate higher
13 than the statewide average unemployment rate for 3 of the preced-
14 ing 5 years.

15 (iii) An area in a city with a population of more than
16 20,000 which area is within the boundaries of a downtown develop-
17 ment authority established under Act No. 197 of the Public Acts
18 of 1975, being sections 125.1651 to ~~+25.1680~~ 125.1681 of the
19 Michigan Compiled Laws, as those boundaries were constituted on
20 May 1, 1984.

21 (v) "Mobile home" means a structure, transportable in 1 or
22 more sections, ~~which~~ THAT is built on a chassis and is designed
23 to be used as a dwelling with or without permanent foundation,
24 when connected to the required utilities, and includes the plumb-
25 ing, heating, air conditioning, and electrical systems contained
26 in the structure. Mobile home may, but need not, include the

1 real property to which the mobile home may be attached. Mobile
2 home does not include a recreational vehicle.

3 (w) "Mobile home condominium project" means a condominium
4 project in which mobile homes are intended to be located upon
5 separate sites ~~which~~ THAT constitute individual condominium
6 units and which complies with the condominium act, Act No. 59 of
7 the Public Acts of 1978, as amended, being sections 559.101 to
8 559.275 of the Michigan Compiled Laws.

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

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

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

24 (aa) "Housing unit" means living accommodations ~~which~~ THAT
25 are intended for occupancy by a single family and ~~which~~ EITHER
26 THAT are owned by the occupant OR WITH RESPECT TO WHICH AN
27 OCCUPANT WHO IS A COOPERATIVE SHAREHOLDER OR MEMBER HAS A

1 PROPRIETARY LEASE. A housing unit may be site constructed or may
2 be a mobile home or other form of manufactured housing.

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

7 (i) The section 8 leased housing program established under
8 section 8 of the United States housing act of 1937,
9 42 U.S.C. 1437f, and the regulations promulgated under that act,
10 or a substantially equivalent successor federal program.

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

13 (cc) "Area of chronic economic distress" means an area
14 ~~which~~ THAT qualifies as a "qualified census tract" or an "area
15 of chronic economic distress" as defined in former section
16 103A(k) of the internal revenue code, or an eligible distressed
17 area.

18 (dd) "Mortgage lender" means a state or national bank, state
19 or federal savings and loan association, mortgage company, insur-
20 ance company, any state pension fund, or any other financial
21 institution, intermediary, or entity authorized to make mortgage
22 loans in this state.

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

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

1 (GG) "FAMILY INCOME" MEANS ALL INCOME THAT IS INCLUDED IN A
2 DETERMINATION OF FAMILY INCOME UNDER SECTION 143(f) OF THE
3 INTERNAL REVENUE CODE.

4 (HH) "STATEWIDE MEDIAN GROSS INCOME" MEANS THE STATEWIDE
5 MEDIAN GROSS INCOME AS DETERMINED UNDER SECTION 143(f) OF THE
6 INTERNAL REVENUE CODE.

7 (II) "MUTUAL HOUSING ASSOCIATION" MEANS A CORPORATION ORGA-
8 NIZED IN ACCORDANCE WITH CHAPTER 10.

9 (JJ) "VERY LOW OR LOW INCOME" MEANS YEARLY GROSS INCOME THAT
10 IS LESS THAN 100% OR 150%, RESPECTIVELY, OF THE POVERTY LINE
11 ESTABLISHED BY THE FEDERAL DIRECTOR OF THE OFFICE OF MANAGEMENT
12 AND BUDGET AND ISSUED BY THE UNITED STATES SECRETARY OF HEALTH
13 AND HUMAN SERVICES PURSUANT TO SECTION 673(2) OF THE COMMUNITY
14 SERVICES BLOCK GRANT ACT, SUBTITLE B OF TITLE VI OF PUBLIC LAW
15 97-35, 42 U.S.C. 9902.

16 Sec. 22. (1) The authority shall possess all powers neces-
17 sary or convenient to carry out this act, including the following
18 powers in addition to other powers granted by other provisions of
19 this act:

20 (a) To sue and to be sued; to have a seal and to alter the
21 seal at pleasure; to have perpetual succession; to make and exe-
22 cute contracts and other instruments necessary or convenient to
23 the exercise of the powers of the authority; and to make, amend,
24 and repeal bylaws and rules.

25 (b) To undertake and carry out studies and analyses of hous-
26 ing needs within this state and ways of meeting those needs,
27 including data with respect to population and family groups, the

1 distribution of population and family groups according to income,
2 and the amount and quality of available housing and its distribu-
3 tion according to rentals and sales prices, employment, wages,
4 and other factors affecting housing needs and the meeting of
5 housing needs; to make the results of those studies and analyses
6 available to the public and the housing and supply industries;
7 and to engage in research and disseminate information on
8 housing.

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

11 (d) To survey and investigate housing conditions and needs,
12 both urban and rural, throughout this state and make recommenda-
13 tions to the governor and the legislature regarding legislation
14 and other measures necessary or advisable to alleviate any exist-
15 ing housing shortage in this state.

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

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

3 (g) To encourage the salvage of all possible usable housing
4 scheduled for demolition because of highway, school, urban renew-
5 al, or other programs by seeking authority for the sponsors of
6 the programs to use funds provided for the demolition of the
7 buildings, to be allocated to those sponsors approved by the
8 authority to defray moving and rehabilitation costs of the
9 buildings.

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

17 (i) To make or purchase loans, including loans for condomin-
18 ium units as defined in section 4 of THE CONDOMINIUM ACT, Act
19 No. 59 of the Public Acts of 1978, being section 559.104 of the
20 Michigan Compiled Laws, and including loans to mortgage lenders,
21 which are unsecured or the repayments of which are secured by
22 mortgages, security interests, or other forms of security; to
23 purchase and enter into commitments for the purchase of securi-
24 ties, certificates of deposits, time deposits, or mortgage loans
25 from mortgage lenders; to participate in the making or purchasing
26 of unsecured or secured loans and undertake commitments to make
27 or purchase unsecured or secured loans; to sell mortgages,

1 security interests, notes, and other instruments or obligations
2 evidencing or securing loans, including certificates evidencing
3 interests in 1 or more loans, at public or private sale; to
4 modify or alter mortgages and security interests; to foreclose on
5 any mortgage, security interest, or other form of security; to
6 finance housing units; to commence an action to protect or
7 enforce a right conferred upon the authority by law, mortgage,
8 security agreement, contract, or other agreement; to bid for and
9 purchase property ~~which~~ THAT was the subject of the mortgage,
10 security interest, or other form of security, at a foreclosure or
11 at any other sale, and to acquire or take possession of the
12 property. Upon acquiring or taking possession of the property,
13 the authority may complete, administer, and pay the principal and
14 interest of obligations incurred in connection with the property,
15 and may dispose of and otherwise deal with the property in any
16 manner necessary or desirable to protect the interests of the
17 authority in the property. If the authority or an entity ~~which~~
18 THAT provides mortgage insurance to the authority acquires prop-
19 erty upon the default of a borrower, the authority may make a
20 mortgage loan to a subsequent purchaser of that property even if
21 the purchaser does not meet otherwise applicable income limita-
22 tions and purchase price limits.

23 (j) To set standards for housing projects ~~which~~ THAT
24 receive loans under this act and to provide for inspections to
25 determine compliance with those standards. The standards for
26 construction and rehabilitation of mobile homes, mobile home
27 parks, and mobile home condominium projects shall be established

1 jointly by the authority and the mobile home commission, created
2 in the mobile home commission act, Act No. 96 of the Public Acts
3 of 1987, being sections 125.2301 to ~~+25.2350-~~ 125.2349 of the
4 Michigan Compiled Laws. However, financing standards shall be
5 established solely by the authority.

6 (k) To accept gifts, grants, loans, appropriations, or other
7 aid from the federal, state, or local government, from a subdivi-
8 sion, agency, or instrumentality of a federal, state, or local
9 government, or from a person, corporation, firm, or other
10 organization.

11 (l) To acquire or contract to acquire from a person, firm,
12 corporation, municipality, or federal or state agency, by grant,
13 purchase, or otherwise, leaseholds or real or personal property,
14 or any interest in a leasehold or real or personal property; to
15 own, hold, clear, improve, and rehabilitate and to sell, assign,
16 exchange, transfer, convey, lease, mortgage, or otherwise dispose
17 of or encumber any interest in a leasehold or real or personal
18 property. This act shall not impede the operation and effect of
19 local zoning, building, and housing ordinances, ordinances relat-
20 ing to subdivision control, land development, or fire prevention,
21 or other ordinances having to do with housing or the development
22 of housing.

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

25 (n) To invest, at the discretion of the authority, funds
26 held in reserve or sinking funds, or moneys not required for
27 immediate use or disbursement, in obligations of this state or of

1 the United States, in obligations the principal and interest of
2 which are guaranteed by this state or the United States, or in
3 other obligations as may be approved by the state treasurer.

4 (o) To promulgate rules necessary to carry out the purposes
5 of this act and to exercise the powers expressly granted in this
6 act pursuant to the administrative procedures act of 1969, Act
7 No. 306 of the Public Acts of 1969, as amended, being sections
8 24.201 to 24.328 of the Michigan Compiled Laws.

9 (p) To enter into agreements with nonprofit housing corpora-
10 tions, consumer housing cooperatives, limited dividend housing
11 corporations, mobile home park corporations, and mobile home park
12 associations, which provide for regulation by the authority of
13 the planning, development, and management of any housing project
14 undertaken by nonprofit housing corporations, consumer housing
15 cooperatives, limited dividend housing corporations, mobile home
16 park corporations, and mobile home park associations and which
17 provide for the disposition of the property and franchises of
18 those corporations, cooperatives, and associations.

19 (q) To appoint to the board of directors of a nonprofit
20 housing corporation, consumer housing cooperative, limited divi-
21 dend housing corporation, mobile home park corporation, or mobile
22 home park association, a number of new directors sufficient to
23 constitute a majority of the board notwithstanding other provi-
24 sions of the articles of incorporation or other provisions of
25 law. Directors appointed under this subsection need not be
26 stockholders or members or meet other qualifications which may be
27 described by the certificate of incorporation or bylaws. In the

1 absence of fraud or bad faith, directors appointed under this
2 subsection shall not be personally liable for debts, obligations,
3 or liabilities of the corporation or association. The authority
4 may appoint directors under this subsection only if any of the
5 following occurs:

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

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

18 (iii) The authority determines that some part of the net
19 income or net earnings of the nonprofit housing corporation is
20 inuring to the benefit of a private individual, firm, corpora-
21 tion, partnership, or association; the authority determines that
22 an unreasonable part of the net income or net earnings of the
23 consumer housing cooperative is inuring to the benefit of a pri-
24 vate individual, firm, corporation, partnership, or association;
25 or the authority determines that some part of the net income or
26 net earnings of the limited dividend housing corporation, in
27 excess of that permitted by other provisions of this act, is

1 insuring to the benefit of a private individual, firm,
2 corporation, partnership, or association.

3 (iv) The authority determines that the nonprofit corporation
4 or consumer housing cooperative is in some manner controlled by,
5 under the direction of, or acting in the substantial interest of
6 a private individual, firm, corporation, partnership, or associa-
7 tion seeking to derive benefit or gain ~~therefrom~~ FROM, or seek-
8 ing to eliminate or minimize losses in any dealings or transac-
9 tions ~~therewith~~ WITH, THE NONPROFIT CORPORATION OR CONSUMER
10 HOUSING COOPERATIVE. However, this subparagraph shall apply to
11 individual cooperators in consumer housing cooperatives only in
12 circumstances defined by the authority in its rules.

13 (v) The authority determines that the nonprofit housing cor-
14 poration, consumer housing cooperative, ~~or~~ limited dividend
15 housing corporation, MOBILE HOME PARK CORPORATION, OR MOBILE HOME
16 PARK ASSOCIATION is in violation of the rules promulgated under
17 this section. ~~, or the authority determines that the mobile~~
18 ~~home park corporation or mobile home park association is in vio-~~
19 ~~lation of the rules promulgated under this section.~~

20 (vi) The authority determines that the nonprofit housing
21 corporation, consumer housing cooperative, limited dividend hous-
22 ing corporation, mobile home park corporation, or mobile home
23 park association is in violation of 1 or more agreements entered
24 into with the authority ~~which~~ THAT provide for regulation by
25 the authority of the planning, development, and management of a
26 housing project undertaken by the nonprofit housing corporation,
27 consumer housing cooperative, limited dividend housing

1 corporation, mobile home park corporation, or mobile home park
2 association or ~~which~~ THAT provide for the disposition of the
3 property and franchises of the corporation, or cooperative, or
4 association.

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

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

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

20 (u) To review and approve rental charges for
21 authority-financed housing projects and require whatever changes
22 the authority determines to be necessary. The changes shall
23 become effective after giving not less than 30 days' written
24 notice to the residents of the affected authority-financed hous-
25 ing projects.

26 (v) To set forth in the various loan documents of the
27 authority those restrictions on the sale, conveyance by land

1 contract, or transfer of residential real property, housing
2 projects, or housing units for which a note is held by the
3 authority and restrictions on the assumption by subsequent pur-
4 chasers of loans originated by and held by, or originated for
5 purchase by and held by, the authority as the authority deter-
6 mines to be necessary in order to comply with requirements of
7 federal statutes, federal rules or regulations promulgated pursu-
8 ant to 5 U.S.C. 551 to 559, state statutes, or state rules
9 promulgated pursuant to Act No. 306 of the Public Acts of 1969,
10 as amended, or to obtain and maintain the tax exempt status of
11 authority bonds and notes. However, the authority shall not use
12 a due on sale or acceleration clause solely for the purpose of
13 renegotiating the interest rate on a loan made with respect to an
14 owner-occupied single-family housing unit. Without limiting the
15 authority's power to establish other restrictions, as provided in
16 this section, on the sale, conveyance by land contract, or trans-
17 fer of residential real property, housing projects, or housing
18 units for which a note is held by the authority and the assump-
19 tion by subsequent purchasers of loans made or purchased by the
20 authority, the authority shall provide in its loan documents
21 relating to a single family loan that the single family loan may
22 be assumed by a new purchaser only when the new purchaser quali-
23 fies under the authority income limitations rules except where
24 such a restriction diminishes or precludes the insurance or a
25 guarantee by an agency of the federal government with respect to
26 the single family loan. A loan made for a mobile home ~~which~~
27 THAT the borrower does not intend to permanently affix to real

1 property shall become immediately due and payable in the event
2 the mobile home is moved out of the state. Any restrictions on
3 conveyance by sale, conveyance by land contract, or transfer
4 ~~which~~ THAT are authorized in this section shall apply only to
5 loans originated by and held by, or originated for purchase by
6 and held by, the authority and may, at the option of the authori-
7 ty, be enforced by accelerating and declaring immediately due and
8 payable all sums evidenced by the note held by the authority.
9 ~~Any~~ AN acceleration and declaration of all sums to be due and
10 payable on conveyance by sale, land contract, or transfer ~~shall~~
11 IS not ~~be~~ an unreasonable restraint on alienation. ~~Any~~ AN
12 acceleration and declaration, unless otherwise prohibited in this
13 subdivision, of all sums to be due and payable pursuant to this
14 subdivision ~~shall be~~ IS enforceable in any court of competent
15 jurisdiction. This subdivision is applicable to secured and
16 unsecured loans. This subdivision is also applicable to loan
17 documents utilized in conjunction with an authority operated pro-
18 gram of residential rehabilitation by an entity cooperating or
19 participating with the authority pursuant to section 22a(4),
20 which loans are originated with the intent to sell those loans to
21 the authority.

22 (w) To set forth in the various loan documents of the
23 authority those remedies for the making of a false statement,
24 representation, or pretense or a material misstatement by a bor-
25 rower during the loan application process. Without limiting the
26 authority's power to pursue other remedies, the authority shall
27 provide in its loan documents that, if a borrower makes a false

1 statement, representation, or pretense or a material misstatement
 2 during the loan application process, the authority, at its
 3 option, may accelerate and declare immediately due and payable
 4 all sums evidenced by the note held by the authority. ~~Any~~ AN
 5 acceleration and declaration of all sums to be due as authorized
 6 under this subdivision and payable pursuant to this subdivision
 7 ~~shall be~~ IS enforceable in any court of competent
 8 jurisdiction. This subdivision is applicable to secured and
 9 unsecured loans.

10 (x) To collect interest on a real estate loan, the primary
 11 security for which is not a first lien on real estate, at the
 12 rate of 15% or less per annum on the unpaid balance. This subdi-
 13 vision ~~shall~~ DOES not impair the validity of a transaction or
 14 rate of interest THAT IS lawful without regard to this
 15 subdivision.

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

19 (2) TO VERIFY FOR THE STATE TREASURER STATEMENTS SUBMITTED
 20 BY A CITY, VILLAGE, TOWNSHIP, OR COUNTY AS TO EXEMPT PROPERTIES
 21 PURSUANT TO SECTION 7D OF THE GENERAL PROPERTY TAX ACT, ACT
 22 NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTION 211.7D OF THE
 23 MICHIGAN COMPILED LAWS.

24 Sec. 32. (1) The authority may create and establish 1 or
 25 more special funds to secure notes and bonds of the authority,
 26 referred to in this act as capital reserve funds. The authority
 27 shall pay into a capital reserve fund money appropriated and made

1 available by this state for the purposes of the fund, the
2 proceeds of the sale of notes or bonds to the extent provided in
3 the resolution of the authority authorizing the issuance of the
4 notes or bonds, and other money ~~which~~ THAT is made available to
5 the authority for the purpose of a fund from any other source.
6 All money held in any capital reserve fund, except as specifi-
7 cally provided, shall be used as required solely for the payment
8 of the principal of notes or bonds of the authority secured in
9 whole or in part by the capital reserve fund, for the purchase or
10 redemption of notes or bonds, for the payment of interest on the
11 notes or bonds, or for the payment of any redemption premium
12 required to be paid when the notes or bonds are redeemed prior to
13 maturity. However, the authority shall not use the money for any
14 optional purchase or optional redemption of notes or bonds if the
15 use would reduce the amount of money on deposit in a capital
16 reserve fund to less than the capital reserve fund requirement
17 established for the fund. Any income or interest earned by, or
18 increment to, a capital reserve fund due to the investment of the
19 money in the capital reserve fund may be transferred by the
20 authority to other funds or accounts of the authority to the
21 extent that the transfer does not reduce the amount of a capital
22 reserve fund below the capital reserve fund requirement for a
23 fund.

24 (2) The authority shall not at any time issue notes or bonds
25 secured in whole or in part by a capital reserve fund if, upon
26 the issuance of the notes or bonds, the amount in the capital
27 reserve fund would be less than the capital reserve fund

1 requirement for the fund, unless the authority, at the time of
2 issuance of the notes or bonds, deposits in the fund from the
3 proceeds of the notes or bonds to be issued, or from other
4 sources, an amount which, together with the amount then in the
5 fund, is not less than the capital reserve fund requirement for
6 the fund. For purposes of this section, "capital reserve fund
7 requirement" means the requirement provided in the resolution of
8 the authority authorizing the notes or bonds with respect to
9 which the fund is established, which amount shall not exceed the
10 maximum amount of principal and interest maturing and becoming
11 due in any succeeding calendar year on the notes or bonds of the
12 authority secured in whole or part by the fund.

13 (3) The authority has, before January 9, 1977, in connection
14 with its housing development bonds issued pursuant to a bond res-
15 olution dated June 10, 1971, established within the capital
16 reserve fund relating to housing development bonds, a capital
17 reserve account and a capital reserve capital account. Money in
18 this capital reserve account shall secure only housing develop-
19 ment bonds issued pursuant to the June 10, 1971 bond resolution.
20 Unless otherwise provided by the authority, money in the capital
21 reserve capital account shall secure all bonds and notes of the
22 authority. In determining whether the capital reserve fund
23 requirement established for any capital reserve fund has been
24 met, the authority shall not include or take into account money
25 in the capital reserve capital account.

26 (4) The authority has, before January 9, 1977, in connection
27 with its insured mortgage revenue bonds issued pursuant to a bond

1 resolution dated May 11, 1976, established a bond reserve fund.
2 This bond reserve fund ~~shall constitute~~ CONSTITUTES a capital
3 reserve fund under this act.

4 (5) The authority may issue notes and bonds subject to the
5 following limitations:

6 (a) The authority shall not have outstanding at any time
7 bonds and notes for any of its corporate purposes in an aggregate
8 principal amount exceeding ~~\$3,000,000,000.00~~ \$3,200,000,000.00,
9 excluding all of the following:

10 (i) The principal amount of bonds and notes issued to refund
11 outstanding bonds and notes.

12 (ii) The principal amount of bonds and notes ~~which~~ THAT
13 appreciate in principal amount, except to the extent of the prin-
14 cipal amount of these bonds and notes payable at such time.

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

17 (b) After November 1, ~~1989~~ 1991, the limitation on the
18 aggregate principal amount of notes and bonds provided in subdi-
19 vision (a) is reduced to \$1,800,000,000.00, but, in addition to
20 the exclusions provided in subdivision (a), the aggregate princi-
21 pal amount of bonds and notes issued before November 2, ~~1989~~
22 1991, subject to the limitations of section 32a shall be excluded
23 from this reduced limitation.

24 (6) Subject to the limitation in subsection (5), the entire
25 state ceiling is allocated to the authority unless the authority
26 elects by resolution to allow another issuer to issue qualified
27 mortgage bonds. As used in this subsection:

1 (a) "State ceiling" means the aggregate amount of certain
2 private activity bonds, including qualified mortgage bonds, which
3 may be issued in any calendar year in this state pursuant to sec-
4 tion 146 of the internal revenue code.

5 (b) "Qualified mortgage bond" shall have the same meaning
6 ascribed to that term in section 143 of the internal revenue
7 code.

8 (7) To assure the continued operation and solvency of the
9 authority for the carrying out of the public purposes of this
10 act, the authority shall accumulate in each capital reserve fund
11 an amount equal to the capital reserve fund requirement for that
12 fund. If at any time the capital reserve fund requirement for a
13 capital reserve fund exceeds the amount of the capital reserve
14 fund, the authority shall transfer to this fund from the capital
15 reserve capital account established by the authority's June 10,
16 1971 bond resolution the amount necessary to restore the capital
17 reserve fund to an amount equal to the capital reserve fund
18 requirement. If a deficiency exists in more than 1 capital
19 reserve fund and the amount in the capital reserve capital
20 account is not sufficient to fully restore the capital reserve
21 funds, the money in the capital reserve capital account shall be
22 allocated between the deficient capital reserve funds pro rata
23 according to the amounts of the deficiencies. If at any time the
24 capital reserve capital account has been exhausted and the capi-
25 tal reserve fund requirement for a capital reserve fund exceeds
26 the amount of the capital reserve fund, the chairperson of the
27 authority on or before September 1 shall certify to the governor

1 and budget director the amount, if any, necessary to restore a
2 capital reserve fund to an amount equal to the capital reserve
3 fund requirement. The governor and the budget director shall
4 include in the annual budget the amount certified by the chair-
5 person of the authority.

6 (8) In computing the amount of a capital reserve fund for
7 the purposes of this section, securities in which all or a por-
8 tion of the fund is invested shall be valued at par. If the
9 securities are purchased at other than par, the securities may be
10 valued at their cost to the authority, as adjusted by amortiza-
11 tion of the discount or premium paid upon purchase of the securi-
12 ties on a pro rata basis to the maturity date of the securities.

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

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

25 (11) The authority shall implement a program of loans for
26 mobile homes as soon as is reasonably feasible. The authority
27 shall develop a program for financing the construction or

1 rehabilitation of mobile home parks and mobile home condominium
2 projects within 24 months after December 31, 1982, subject to a
3 determination of feasibility by the authority and the authority's
4 ability to sell bonds.

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

12 (13) In addition to the powers granted the state housing
13 development authority in this act to promulgate rules pursuant to
14 the administrative procedures act of 1969, Act No. 306 of the
15 Public Acts of 1969, being sections 24.201 to 24.328 of the
16 Michigan Compiled Laws, the authority shall furnish to each
17 member of the legislature a copy of notice of a public hearing or
18 proposed rule change at least 10 days before the public hearing
19 and at least 20 days before the adoption of the rule.

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

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

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

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

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

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

23 (d) The extent of displacement, direct and indirect, of
24 lower income persons caused by these housing projects, and steps
25 taken by the authority and other governmental and private parties
26 to ameliorate the displacement, and the results of those
27 efforts.

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

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

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

9 (h) The progress in developing mobile home parks and mobile
10 home condominium projects, in financing the construction or reha-
11 bilitation of consumer housing cooperative projects, and in
12 financing the construction or rehabilitation of nonprofit housing
13 corporation projects.

14 (i) A report on the neighborhood preservation program under
15 section 44f shall include information about the progress in
16 developing the program, the neighborhoods identified as being
17 eligible for the program, the neighborhoods or municipalities
18 that have applied for the program, the neighborhoods that have
19 received funds from the program, and the reasons that neighbor-
20 hoods or municipalities have been denied funds from the program.

21 (j) A report on the status of federal programs ~~which~~ THAT
22 provide assistance to low income tenants displaced as the result
23 of prepayments of federally and authority assisted loans. If the
24 authority determines that federal programs are inadequate for
25 tenants of authority financed housing projects, the authority
26 will provide recommendations to the legislature as to how to
27 address this problem on or before May 1, 1989.

1 (17) The authority shall insure that the income
 2 characteristics of individuals served by an authority program
 3 ~~is~~ ARE provided in a manner that insures each individual's
 4 confidentiality. The authority shall also insure that propri-
 5 etary information in its reports under this section concerning an
 6 individual, corporation, cooperative, or association is not
 7 released without the permission of that individual, corporation,
 8 cooperative, or association.

9 Sec. 32a. (1) The ~~\$1,200,000,000.00~~ \$1,400,000,000.00
 10 increase in debt capacity of the authority authorized after July
 11 9, 1984 shall be subject to the following limitations:

12 (a) Not more than ~~\$500,000,000.00~~ \$700,000,000.00 shall be
 13 used to finance home improvement loans and single family homes.
 14 NOT LESS THAN \$100,000,000.00 OF THE AMOUNT AUTHORIZED BY THE
 15 1989 AMENDATORY ACT THAT INCREASED THE DEBT CAPACITY OF THE
 16 AUTHORITY BY \$200,000,000.00 SHALL BE USED TO FINANCE HOME
 17 IMPROVEMENT LOANS AND SINGLE FAMILY HOMES FOR FAMILIES OF VERY
 18 LOW OR LOW INCOME.

19 (b) Not more than \$400,000,000.00 shall be used to finance
 20 multifamily housing projects under section 44c and not more than
 21 75% of this amount shall be used for housing projects located in
 22 areas other than eligible distressed areas.

23 (c) Not more than \$300,000,000.00 shall be used to finance
 24 multifamily housing projects exclusive of multifamily housing
 25 projects financed under section 44c and not more than 50% of this
 26 amount shall be used for housing projects located in areas other
 27 than eligible distressed areas.

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

10 Sec. 32b. (1) The authority is designated as the adminis-
 11 trator of the mortgage credit certificate program for this state
 12 permitted under section 25 of the internal revenue code. The
 13 authority shall elect under section 25 of the internal revenue
 14 code to convert at least \$59,000,000.00 of 1985 federal mortgage
 15 revenue bond authority into mortgage credit certificate
 16 authority.

17 (2) The authority shall prepare guidelines ~~which~~ THAT
 18 would allow for the implementation of a mortgage credit certifi-
 19 cate program through mortgage lenders.

20 (3) To qualify for receipt of a mortgage credit certificate
 21 with respect to THE ACQUISITION OF an existing housing unit,
 22 including a residential condominium or mobile home, THE PURCHASE
 23 PRICE WITH RESPECT TO THE UNIT SHALL NOT EXCEED \$60,000.00 AND
 24 the borrower's ~~gross~~ FAMILY income ~~as defined in rules of the~~
 25 ~~authority~~ shall not exceed ~~\$28,000.00, and the purchase price~~
 26 ~~with respect to the unit shall not exceed \$60,000.00.~~ THE
 27 FOLLOWING:

1 (A) FOR A FAMILY OF 1 OR 2 PERSONS, 100% OF THE STATEWIDE
2 MEDIAN GROSS INCOME.

3 (B) FOR A FAMILY OF 3 OR MORE PERSONS, 115% OF THE STATEWIDE
4 MEDIAN GROSS INCOME.

5 (4) To qualify for receipt of a mortgage credit certificate
6 with respect to THE ACQUISITION OF a new housing unit, including
7 a residential condominium or mobile home, THE PURCHASE PRICE WITH
8 RESPECT TO THE UNIT SHALL NOT EXCEED \$80,000.00 AND the
9 borrower's ~~gross~~ FAMILY income ~~as defined in rules of the~~
10 ~~authority~~ shall not exceed ~~\$30,000.00, and the purchase price~~
11 ~~with respect to the unit shall not exceed \$73,500.00.~~ THE
12 FOLLOWING:

13 (A) FOR A FAMILY OF 1 OR 2 PERSONS, 100% OF THE STATEWIDE
14 MEDIAN GROSS INCOME.

15 (B) FOR A FAMILY OF 3 OR MORE PERSONS, 115% OF THE STATEWIDE
16 MEDIAN GROSS INCOME.

17 (5) THE AUTHORITY MAY INCREASE THE PURCHASE PRICE LIMIT IN
18 SUBSECTION (4) TO COVER UNEXPECTED COST INCREASES DURING CON-
19 STRUCTION OR THE COST OF IMPROVEMENTS TO ADAPT THE PROPERTY FOR
20 USE BY HANDICAPPED INDIVIDUALS. THE AMOUNT OF THE INCREASE SHALL
21 BE THE AMOUNT OF THE COSTS DESCRIBED IN THIS SUBSECTION OR THE
22 SUM OF \$3,500.00, WHICHEVER IS LESS.

23 (6) TO QUALIFY FOR RECEIPT OF A MORTGAGE CREDIT CERTIFICATE
24 WITH RESPECT TO THE IMPROVEMENT OR REHABILITATION OF AN EXISTING
25 HOUSING UNIT, INCLUDING A RESIDENTIAL CONDOMINIUM OR MOBILE HOME,
26 THE BORROWER'S FAMILY INCOME SHALL NOT EXCEED, FOR A FAMILY OF 1
27 OR 2 PERSONS, 100% OF THE STATEWIDE MEDIAN GROSS INCOME OR, FOR A

1 FAMILY OF 3 OR MORE PERSONS, 115% OF THE STATEWIDE MEDIAN GROSS
2 INCOME.

3 (7) If an income or purchase price limit prescribed by
4 ~~this~~ subsection (3), (4), (5), OR (6) exceeds a limit pre-
5 scribed by the internal revenue code, the internal revenue code
6 limit applies.

7 Sec. 44. (1) (a) The authority may make loans to any non-
8 profit housing corporation, consumer housing cooperative, limited
9 dividend housing corporation, limited dividend housing associa-
10 tion, mobile home park corporation, OR mobile home park associa-
11 tion ~~—~~ or to any public body or agency for the construction or
12 rehabilitation, and for the long-term financing, of the
13 following:

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

15 (ii) For the period of time beginning May 1, 1984, and
16 ending November 1, 1987, housing projects in which not less than
17 20% of the dwelling units are allotted to individuals of low or
18 moderate income within the meaning of former section 103(b)(4)(A)
19 of the internal revenue code; not less than 60% of the dwelling
20 units are available to persons and families whose gross household
21 income does not exceed 125% of the higher of either the median
22 income for a family in this state or the median income for a
23 family within the nonmetropolitan county or metropolitan statis-
24 tical area in which the housing project is located, as determined
25 by the authority; and not more than 20% of the dwelling units are
26 available for occupancy without regard to income. The enactment
27 of this subparagraph or the expiration of the authority granted

1 by it shall not affect rules in effect before July 10, 1984, or
2 promulgated after July 9, 1984, to define low or moderate income
3 persons.

4 (iii) For the period of time beginning May 1, 1984, and
5 ending November 1, 1987, housing projects in eligible distressed
6 areas in which housing projects not less than 20% of the dwelling
7 units are allotted to individuals of low or moderate income
8 within the meaning of former section 103(b)(4)(A) of the internal
9 revenue code; not less than 60% of the dwelling units are avail-
10 able to persons and families whose gross household income does
11 not exceed 150% of the higher of either the median income for a
12 family in this state or the median income for a family within the
13 nonmetropolitan county or metropolitan statistical area in which
14 the housing project is located, as determined by the authority,
15 and not more than 20% of the dwelling units may be made available
16 for occupancy without regard to income.

17 (iv) For the period of time beginning November 1, 1987, and
18 ending November 1, 1989, multifamily housing projects that meet
19 the 20-50 test established in section 142 of the internal revenue
20 code and, in addition, in which not less than 15% of the dwelling
21 units are allotted to persons and families whose gross household
22 income does not exceed 125% of the higher of either the median
23 income for a family in this state or the median income for a
24 family within the nonmetropolitan county or metropolitan statis-
25 tical area in which the housing project is located, as determined
26 by the authority, or to the elderly; not less than 15% of the
27 dwelling units are allotted to persons and families whose gross

1 household income does not exceed 150% of the median income for a
2 family in this state or the median income for a family within the
3 nonmetropolitan county or metropolitan statistical area in which
4 the housing project is located, as determined by the authority,
5 or to the elderly; and not more than 50% of the dwelling units
6 are available for occupancy without regard to income.

7 (v) For the period of time beginning November 1, 1987, and
8 ending November 1, 1989, multifamily housing projects in eligible
9 distressed areas that meet the 20-50 test established in section
10 142 of the internal revenue code and, in addition, in which not
11 more than 80% of the dwelling units are available for occupancy
12 without regard to income.

13 (vi) Social, recreational, commercial, or communal facili-
14 ties necessary to serve and improve the residential area in which
15 an authority-financed housing project is located or is planned to
16 be located thereby enhancing the viability of such housing.

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

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

26 (ii) For any annual period after the first tenant has
27 occupied the housing project, the owner of the housing project

1 has been unable to attain and sustain at least a 95% occupancy
2 level at the housing project.

3 (c) A loan under this section may be in an amount not to
4 exceed 90% of the project cost as approved by the authority. For
5 purposes of this section, the term "project cost" includes all
6 items included in the definition of a project cost in section 11
7 and also includes a builder's fee equal to an amount up to 5% of
8 the amount of the construction contract, developer overhead of 2%
9 of the amount of the project cost, the cost of furnishings, and a
10 sponsor's risk allowance equal to 10% of the project cost. A
11 loan shall not be made under this section unless a market analy-
12 sis has been conducted which demonstrates a sufficient market
13 exists for the housing project.

14 (d) After November 1, 1987, the authority may continue to
15 finance multifamily housing projects for families or persons
16 whose incomes do not exceed the limits provided in subsection
17 (1)(a)(ii) or (iii), or (1)(b), until funds derived from the pro-
18 ceeds of bonds or notes issued before November 2, 1987, for that
19 purpose, including the proceeds of prepayments or recovery pay-
20 ments with respect to these multifamily housing projects, have
21 been expended. Multifamily housing projects or single family
22 housing units in an eligible distressed area which are financed
23 by proceeds of notes or bonds issued before June 30, 1984, and
24 which the authority has designated for occupancy by persons and
25 families without regard to income pursuant to this act shall
26 remain eligible for occupancy by families and persons without

1 regard to income until the authority's mortgage loan issued with
2 respect to these multifamily housing projects is fully repaid.

3 (e) After November 1, 1989, the authority may continue to
4 finance multifamily housing projects for families or persons
5 whose incomes do not exceed the limits provided in subsection
6 (1)(a)(iv) or (v), or (1)(b), until funds derived from the pro-
7 ceeds of bonds or notes issued before November 2, 1989 for that
8 purpose, including the proceeds of refunding notes or bonds or
9 prepayments or recovery payments with respect to these multifam-
10 ily housing projects, have been expended.

11 (f) Notwithstanding the expiration of lending authority
12 under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily
13 housing projects financed under those subparagraphs may continue
14 to remain eligible for occupancy by persons and families whose
15 incomes do not exceed the limits provided in those subparagraphs
16 or subsection (1)(b).

17 (G) FOR PURPOSES OF THIS SUBSECTION:

18 (i) "GROSS HOUSEHOLD INCOME" MEANS GROSS INCOME OF A HOUSE-
19 HOLD AS THOSE TERMS ARE DEFINED IN RULES OF THE AUTHORITY.

20 (ii) "MEDIAN INCOME FOR A FAMILY IN THIS STATE" AND "MEDIAN
21 INCOME FOR A FAMILY WITHIN THE NONMETROPOLITAN COUNTY OR METRO-
22 POLITAN STATISTICAL AREA" MEAN THOSE INCOME LEVELS AS DETERMINED
23 BY THE AUTHORITY.

24 (2) (a) The authority may make loans to any nonprofit hous-
25 ing corporation, limited dividend housing corporation, mobile
26 home park corporation, or mobile home park association for the
27 construction or rehabilitation of housing units, including

1 residential condominium units as defined in section 4 of THE
2 CONDOMINIUM ACT, Act No. 59 of the Public Acts of 1978, being
3 section 559.104 of the Michigan Compiled Laws, for sale to indi-
4 vidual purchasers of low or moderate income or to individual pur-
5 chasers without regard to income when the housing units are
6 located in an eligible distressed area. The authority may make
7 or purchase loans to individual purchasers for the long-term
8 financing of a newly rehabilitated, newly constructed, or exist-
9 ing housing unit, including a residential condominium unit as
10 defined in section 4 of Act No. 59 of the Public Acts of 1978.
11 For a loan for a newly rehabilitated or newly constructed housing
12 unit, including a residential condominium unit, the borrower's
13 ~~gross~~ FAMILY income ~~as defined in rules of the authority may~~
14 SHALL not exceed, ~~\$30,000.00~~ FOR A FAMILY OF 1 OR 2, 100% OF
15 THE STATEWIDE MEDIAN GROSS INCOME OR, FOR A FAMILY OF 3 OR MORE,
16 115% OF THE STATEWIDE MEDIAN GROSS INCOME, and the purchase price
17 of the housing unit ~~may~~ SHALL not exceed ~~\$70,000.00, except~~
18 ~~that, for~~ \$80,000.00. FOR unexpected cost increases during con-
19 struction or improvements to adapt the property for use by handi-
20 capped individuals, the authority may increase the purchase price
21 limit by an amount sufficient to cover those cost increases, but
22 not to exceed \$3,500.00. For a loan for an existing housing
23 unit, including a residential condominium unit, ~~located other~~
24 ~~than in an eligible distressed area as defined in section~~
25 ~~++(u)(i) or (ii),~~ the borrower's ~~gross~~ FAMILY income ~~as~~
26 ~~defined in rules of the authority may~~ SHALL not exceed,
27 ~~\$24,600.00~~ FOR A FAMILY OF 1 OR 2, 100% OF THE STATEWIDE MEDIAN

1 GROSS INCOME OR, FOR A FAMILY OF 3 OR MORE, 115% OF THE STATEWIDE
2 MEDIAN GROSS INCOME, and the purchase price of the housing unit
3 ~~may~~ SHALL not exceed ~~\$40,000.00~~ \$60,000.00. ~~For an existing~~
4 ~~housing unit, including a residential condominium unit, located~~
5 ~~in an eligible distressed area as defined in section 11(u)(i) or~~
6 ~~(ii), the borrower's gross income as defined in rules of the~~
7 ~~authority may not exceed \$26,300.00 and the purchase price of the~~
8 ~~housing unit may not exceed \$50,000.00.~~ If an income or purchase
9 price limit prescribed by this subsection exceeds a limit pre-
10 scribed by the internal revenue code, the internal revenue code
11 limit applies. Before making any loan under this section,
12 authority staff shall determine that the borrower has the ability
13 to repay the loan. A loan made or purchased to finance the
14 acquisition of an existing housing unit may include funds for
15 rehabilitation. A loan under this section may be in an amount
16 not to exceed 100% of the project cost as approved by the author-
17 ity in the case of a nonprofit housing corporation or individual
18 purchaser, and in an amount not to exceed 90% of the project cost
19 as approved by the authority in the case of a limited dividend
20 housing corporation, mobile home park corporation, or mobile home
21 park association.

22 (b) While a loan under this subsection is outstanding, any
23 sale by a nonprofit housing corporation or limited dividend hous-
24 ing corporation or any subsequent resale ~~shall be~~ IS subject to
25 approval by the authority. The authority shall provide in its
26 rules concerning these sales and resales that the price of the
27 housing unit sold, the method of making payments after the sale,

1 the security afforded, and the interest rate, fees, and charges
2 to be paid shall at all times be sufficient to permit the author-
3 ity to make the payments on its bonds and notes and to meet
4 administrative or other costs of the authority in connection with
5 the transactions. Housing units shall be sold under terms that
6 provide for monthly payments including principal, interest,
7 taxes, and insurance.

8 (c) While a loan under this subsection is outstanding, the
9 authority, before the approval of sale by a nonprofit housing
10 corporation, limited dividend housing corporation, mobile home
11 park corporation, or mobile home park association, shall satisfy
12 itself that the sale is to persons of low or moderate income if
13 the housing unit is not located in an eligible distressed area,
14 or to persons without regard to income if the housing unit is
15 located in an eligible distressed area.

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

1 a mortgage running from the individual purchaser to the
2 authority.

3 (e) The authority shall encourage nonprofit housing corpora-
4 tions and limited dividend housing corporations engaged in con-
5 struction or rehabilitation under this subsection to utilize the
6 labor of prospective individual purchasers of low or moderate
7 income in the construction or rehabilitation of the housing units
8 involved. The value of the labor of the prospective purchasers
9 so utilized shall be used to reduce the project costs of the
10 housing units involved.

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

17 (3) A loan shall be secured in a manner and be repaid in a
18 period, not exceeding 50 years, as may be determined by the
19 authority. A loan shall bear interest at a rate determined by
20 the authority.

21 (4) A person who, for purposes of securing a loan under this
22 act, misrepresents his or her income, including taking a leave of
23 absence from his or her employment for purposes of diminishing
24 his or her income, ~~shall~~ IS not ~~be~~ eligible for a loan under
25 this act.

26 Sec. 44a. (1) The authority may make, purchase, or
27 participate in loans, grants, or deferred payment loans to

1 persons and families ~~of low and moderate~~ WHOSE FAMILY INCOME
 2 DOES NOT EXCEED 100% OF THE STATEWIDE MEDIAN GROSS income to
 3 finance the rehabilitation of residential real property designed
 4 for occupancy by not more than 4 families which is owned or is
 5 being purchased by 1 or more persons or families ~~of low and~~
 6 ~~moderate~~ WHOSE FAMILY INCOME DOES NOT EXCEED 100% OF THE STATE-
 7 WIDE MEDIAN GROSS income and which is for occupancy by persons or
 8 families ~~of low and moderate income~~ WHOSE FAMILY INCOME DOES
 9 NOT EXCEED 100% OF THE STATEWIDE MEDIAN GROSS INCOME.

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

17 (3) A loan under this section may be secured or unsecured as
 18 determined by the authority. If the loan is unsecured, it shall
 19 be accepted for insurance under title 1 of the national housing
 20 act, 12 U.S.C. ~~1701 to 1750g~~ 1702, 1703, 1705, AND 1706b TO
 21 1706d, or another federal or private insurance program providing
 22 coverage at least equal to that provided by that title, or the
 23 authority shall establish a reserve for losses on uninsured loans
 24 made under this section and shall deposit into that reserve an
 25 amount equal to 5% of the principal amount of each such uninsured
 26 loan on or before the making of the loan. Money may be withdrawn
 27 by the authority from this reserve for application as loan

1 repayments in connection with loans ~~which~~ THAT are delinquent.
2 In addition, upon repayment of a loan made, purchased, or partic-
3 ipated in under this section, the authority may withdraw the
4 amount deposited in the reserve in connection with that loan,
5 reduced by any amounts withdrawn as loan repayments in connection
6 with the loan, and may apply the amounts to any of the
7 authority's programs and purposes. Any income or interest earned
8 by or increment to the reserve due to the investment of the money
9 in the reserve may, at such times as the authority shall deter-
10 mine, be transferred by the authority to other funds or accounts
11 of the authority and applied to any of the corporate purposes of
12 the authority. A loan under this section shall bear interest at
13 a rate and be repaid in the period, not exceeding 20 years, as
14 may be determined by the authority and under additional terms and
15 conditions as may be determined by the authority.

16 (4) A deferred payment loan or grant may be secured or unse-
17 cured as determined by the authority, and shall be made under
18 additional terms and conditions determined by the authority.

19 (5) In recognition of the need for rehabilitation loans,
20 grants, and deferred payment loans in all geographic areas of the
21 state, the authority shall promulgate rules ~~which~~ THAT provide
22 for the availability of loans, grants, and deferred payment loans
23 on an equitable basis to qualified applicants in all geographic
24 areas of this state. With respect to loans, grants, and deferred
25 payment loans made pursuant to this section ~~which~~ THAT are not
26 based on residency in a neighborhood selected pursuant to section
27 22a(5), eligibility for loans, grants, or deferred payment loans

1 shall not be based upon the number of qualified applicants in the
2 geographic area in which the individual resides.

3 CHAPTER 10

4 SEC. 99. A MUTUAL HOUSING ASSOCIATION SHALL BE A NONPROFIT
5 CORPORATION OR COOPERATIVE CORPORATION INCORPORATED PURSUANT TO
6 THE LAWS OF THIS STATE OR AUTHORIZED TO TRANSACT BUSINESS IN THIS
7 STATE THAT OPERATES IN ACCORDANCE WITH THIS CHAPTER.

8 SEC. 99A. THE TERM "COOPERATIVE" OR "MUTUAL HOUSING
9 ASSOCIATION" SHALL BE INCLUDED AS A PART OF THE CORPORATE NAME AS
10 SET FORTH IN THE CERTIFICATE OF INCORPORATION OF A MUTUAL HOUSING
11 ASSOCIATION.

12 SEC. 99B. A MUTUAL HOUSING ASSOCIATION SHALL MEET ALL OF
13 THE FOLLOWING REQUIREMENTS:

14 (A) AT LEAST 75% OF ITS VOTING MEMBERS OR SHAREHOLDERS SHALL
15 BE RESIDENTS OF HOUSING OWNED OR OPERATED BY IT.

16 (B) A MAJOR PURPOSE OF THE MUTUAL HOUSING ASSOCIATION SHALL
17 BE TO PROVIDE HIGH QUALITY, LONG-TERM HOUSING TO LOW AND MODERATE
18 INCOME PERSONS WHO HAVE NO EQUITY OR OWNERSHIP INTEREST IN THE
19 HOUSING EXCEPT THROUGH MEMBERSHIP IN THE MUTUAL HOUSING ASSOCIA-
20 TION, AND WHO SHALL HAVE THE FOLLOWING RIGHTS:

21 (i) A RIGHT TO BECOME A MEMBER OF THE MUTUAL HOUSING
22 ASSOCIATION.

23 (ii) A RIGHT TO PARTICIPATE IN THE ONGOING OPERATION AND
24 MANAGEMENT OF THE HOUSING.

25 (iii) A RIGHT TO CONTINUE TO RESIDE IN THE HOUSING FOR AS
26 LONG AS THE MEMBER COMPLIES WITH THE TERMS OF THE OCCUPANCY
27 AGREEMENT AND RULES AND REGULATIONS OF THE MUTUAL HOUSING

1 ASSOCIATION, AND MEETS ANY HEALTH REQUIREMENTS THAT THE MUTUAL
2 HOUSING ASSOCIATION ESTABLISHES AS A CONDITION OF CONTINUED
3 OCCUPANCY.

4 (C) ANY PROFIT OR SURPLUS EARNED BY THE MUTUAL HOUSING ASSO-
5 CIATION IS USED, AS DETERMINED BY ITS BOARD OF DIRECTORS, FOR 1
6 OR MORE OF THE FOLLOWING PURPOSES:

7 (i) TO ESTABLISH RESERVES.

8 (ii) TO REDUCE RENT.

9 (iii) TO MAKE PHYSICAL IMPROVEMENTS TO THE HOUSING.

10 (iv) TO DEVELOP OR ACQUIRE NEW AFFORDABLE HOUSING.

11 SEC. 99C. THE AUTHORITY MAY MAKE A LOAN OR GRANT TO A NON-
12 PROFIT HOUSING CORPORATION OR ASSOCIATION, MOBILE HOME PARK COR-
13 PORATION OR ASSOCIATION, OR LIMITED DIVIDEND HOUSING CORPORATION
14 OR ASSOCIATION THAT IS ESTABLISHED AND CONTROLLED BY A MUTUAL
15 HOUSING ASSOCIATION ON THE SAME BASIS AS A LOAN OR GRANT MAY BE
16 MADE TO SUCH AN ORGANIZATION NOT ESTABLISHED AND CONTROLLED BY A
17 MUTUAL HOUSING ASSOCIATION.