

# HOUSE BILL No. 6135

November 8, 1990, Introduced by Reps. Hunter and Saunders and referred to the Committee on Urban Affairs.

A bill to amend sections 22, 32, and 32a of Act No. 346 of the Public Acts of 1966, entitled as amended "State housing development authority act of 1966," section 22 as amended by Act No. 220 of the Public Acts of 1989 and sections 32 and 32a as amended by Act No. 281 of the Public Acts of 1989, being sections 125.1422, 125.1432, and 125.1432a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 22, 32, and 32a of Act No. 346 of the  
2 Public Acts of 1966, section 22 as amended by Act No. 220 of the  
3 Public Acts of 1989 and sections 32 and 32a as amended by Act  
4 No. 281 of the Public Acts of 1989, being sections 125.1422,  
5 125.1432, and 125.1432a of the Michigan Compiled Laws, are  
6 amended to read as follows:

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

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

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

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

23       (d) To survey and investigate housing conditions and needs,  
24 both urban and rural, throughout this state and make recommenda-  
25 tions to the governor and the legislature regarding legislation  
26 and other measures necessary or advisable to alleviate any  
27 existing housing shortage in this state.

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

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

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

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

1 development of programs to improve the quality of life for all  
2 the people of this state.

3 (i) To make or purchase loans, including loans for condomi-  
4 nium units as defined in section 4 of the condominium act, Act  
5 No. 59 of the Public Acts of 1978, being section 559.104 of the  
6 Michigan Compiled Laws, and including loans to mortgage lenders,  
7 which are unsecured or the repayments of which are secured by  
8 mortgages, security interests, or other forms of security; to  
9 purchase and enter into commitments for the purchase of securi-  
10 ties, certificates of deposits, time deposits, or mortgage loans  
11 from mortgage lenders; to participate in the making or purchasing  
12 of unsecured or secured loans and undertake commitments to make  
13 or purchase unsecured or secured loans; to sell mortgages, secur-  
14 ity interests, notes, and other instruments or obligations evi-  
15 dencing or securing loans, including certificates evidencing  
16 interests in 1 or more loans; at public or private sale; IN CON-  
17 NECTION WITH THE SALE OF AN INSTRUMENT OR OBLIGATION EVIDENCING  
18 OR SECURING 1 OR MORE LOANS, TO SERVICE, GUARANTEE PAYMENT ON, OR  
19 REPURCHASE THE INSTRUMENT OR OBLIGATION, WHETHER OR NOT IT IS IN  
20 DEFAULT; to modify or alter mortgages and security interests; to  
21 foreclose on any mortgage, security interest, or other form of  
22 security; to finance housing units; to commence an action to pro-  
23 tect or enforce a right conferred upon the authority by law,  
24 mortgage, security agreement, contract, or other agreement; to  
25 bid for and purchase property that was the subject of the mort-  
26 gage, security interest, or other form of security, at a  
27 foreclosure or at any other sale, and to acquire or take

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

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

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

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

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

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

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

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

1 housing corporations, mobile home park corporations, and mobile  
 2 home park associations ~~—which—~~ THAT provide for regulation by  
 3 the authority of the planning, development, and management of any  
 4 housing project undertaken by nonprofit housing corporations,  
 5 consumer housing cooperatives, limited dividend housing corpora-  
 6 tions, mobile home park corporations, and mobile home park asso-  
 7 ciations and which provide for the disposition of the property  
 8 and franchises of those corporations, cooperatives, and  
 9 associations.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (bb) ~~The authority may~~ TO make working capital loans to  
19 contractors or subcontractors on housing projects financed by the  
20 authority. The authority shall submit an annual report to the  
21 legislature containing the amount, recipient, duration, circum-  
22 stance, and other related statistics for each capital loan made  
23 to a contractor or subcontractor under this subdivision. The  
24 authority shall include in the report statistics related to the  
25 cost of improvements made to adapt property for use by handi-  
26 capped individuals pursuant to section 32b(5) or (6) or section  
27 44(2)(a).

1 (CC) SUBJECT TO RULES OF THE CIVIL SERVICE COMMISSION, TO  
2 ADOPT A CODE OF ETHICS WITH RESPECT TO ITS EMPLOYEES THAT  
3 REQUIRES DISCLOSURE OF FINANCIAL INTERESTS, DEFINES AND PRECLUDES  
4 CONFLICTS OF INTEREST, AND ESTABLISHES REASONABLE POST-EMPLOYMENT  
5 RESTRICTIONS FOR A PERIOD OF UP TO 1 YEAR AFTER AN EMPLOYEE TER-  
6 MINATES EMPLOYMENT WITH THE AUTHORITY.

7 (DD) TO IMPOSE COVENANTS RUNNING WITH THE LAND IN ORDER TO  
8 SATISFY REQUIREMENTS OF APPLICABLE STATE OR FEDERAL LAW WITH  
9 RESPECT TO HOUSING FINANCED BY THE AUTHORITY OR HOUSING OTHERWISE  
10 ASSISTED BY FEDERAL PROGRAMS ADMINISTERED BY THE AUTHORITY, BY  
11 EXECUTING AND RECORDING REGULATORY AGREEMENTS BETWEEN THE AUTHOR-  
12 ITY AND THE PERSON OR ENTITY TO BE BOUND. THESE COVENANTS SHALL  
13 RUN WITH THE LAND AND BE EFFECTIVE WITH RESPECT TO THE PARTIES  
14 MAKING THE COVENANTS AND OTHER INTENDED BENEFICIARIES OF THE COV-  
15 ENANTS, EVEN THOUGH THERE IS NO PRIVITY OF ESTATE OR PRIVITY OF  
16 CONTRACT AS BETWEEN THE AUTHORITY AND THE PERSONS OR ENTITIES TO  
17 BE BOUND.

18 Sec. 32. (1) The authority may create and establish 1 or  
19 more special funds called capital reserve funds to secure notes  
20 and bonds of the authority. The authority shall pay into a capi-  
21 tal reserve fund money appropriated and made available by this  
22 state for the purposes of the fund, the proceeds of the sale of  
23 notes or bonds to the extent provided in the resolution of the  
24 authority authorizing the issuance of the notes or bonds, and  
25 other money that is made available to the authority for the pur-  
26 pose of a fund from any other source. In addition to, or in lieu  
27 of, depositing money in a capital reserve fund, the authority may

1 obtain and pledge letters of credit that may be drawn upon for  
2 the purposes of the capital reserve fund, and the amount avail-  
3 able to be drawn under letters of credit pledged to a capital  
4 reserve fund shall be credited toward the satisfaction of a capi-  
5 tal reserve fund requirement. All money and proceeds of draws  
6 under letters of credit held in any capital reserve fund, except  
7 as specifically provided, shall be used as required solely for  
8 the payment of the principal of notes or bonds of the authority  
9 secured in whole or in part by the capital reserve fund, for the  
10 purchase or redemption of notes or bonds, for the payment of  
11 interest on the notes or bonds, or for the payment of any redemp-  
12 tion premium required to be paid when the notes or bonds are  
13 redeemed prior to maturity. However, the authority shall not use  
14 the capital reserve fund for any optional purchase or optional  
15 redemption of notes or bonds if the use would reduce the total of  
16 the money on deposit in the capital reserve fund and amounts  
17 available to be drawn on any letter of credit pledged to a capi-  
18 tal reserve fund to less than the capital reserve fund require-  
19 ment established for the fund. Any income or interest earned by,  
20 or increment to, a capital reserve fund due to the investment of  
21 the money in the capital reserve fund may be transferred by the  
22 authority to other funds or accounts of the authority to the  
23 extent that the transfer does not reduce the total of the amount  
24 of money in a capital reserve fund and amounts available to be  
25 drawn on any letter of credit pledged to the capital reserve fund  
26 below the capital reserve fund requirement for a fund.

1       (2) The authority shall not at any time issue notes or bonds  
2 secured in whole or in part by a capital reserve fund if, upon  
3 the issuance of the notes or bonds, the amount in the capital  
4 reserve fund, including the amounts available to be drawn on any  
5 letter of credit pledged to a capital reserve fund, would be less  
6 than the capital reserve fund requirement for the fund, unless  
7 the authority, at the time of issuance of the notes or bonds,  
8 deposits in the fund from the proceeds of the notes or bonds to  
9 be issued, or from other sources, an amount that, together with  
10 the amount then in the fund, is not less than the capital reserve  
11 fund requirement for the fund, or obtains a letter of credit in  
12 an amount that, together with the amount then in the fund, is not  
13 less than the capital reserve fund requirement for the fund. For  
14 purposes of this section, "capital reserve fund requirement"  
15 means the requirement provided in the resolution of the authority  
16 authorizing the notes or bonds with respect to which the fund is  
17 established, which amount shall not exceed the maximum amount of  
18 principal and interest maturing and becoming due in any succeed-  
19 ing calendar year on the notes or bonds of the authority secured  
20 in whole or part by the fund.

21       (3) The authority has, before January 9, 1977, in connection  
22 with its housing development bonds issued pursuant to a bond res-  
23 olution dated June 10, 1971, established within the capital  
24 reserve fund relating to housing development bonds, a capital  
25 reserve account and a capital reserve capital account. This cap-  
26 ital reserve account constitutes a capital reserve fund under  
27 this act. Money in this capital reserve account shall secure



1 only housing development bonds issued pursuant to the June 10,  
2 1971 bond resolution. Unless otherwise provided by the authori-  
3 ty, money in the capital reserve capital account shall secure all  
4 bonds and notes of the authority. In determining whether the  
5 capital reserve fund requirement established for any capital  
6 reserve fund has been met, the authority shall not include or  
7 take into account money in the capital reserve capital account.

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

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

15 (a) The authority shall not have outstanding at any time  
16 bonds and notes for any of its corporate purposes in an aggregate  
17 principal amount exceeding ~~\$3,200,000,000.00~~ \$3,400,000,000.00,  
18 excluding all of the following:

19 (i) The principal amount of bonds and notes issued to refund  
20 outstanding bonds and notes.

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

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

26 (b) After November 1, 1991, the limitation on the aggregate  
27 principal amount of notes and bonds provided in subdivision (a)

1 is reduced to \$1,800,000,000.00, but, in addition to the  
2 exclusions provided in subdivision (a), the aggregate principal  
3 amount of bonds and notes issued before November 2, 1991, subject  
4 to the limitations of section 32a shall be excluded from this  
5 reduced limitation.

6 (6) Subject to the limitation in subsection (5), THAT POR-  
7 TION OF the ~~entire~~ state ceiling ~~is~~ TO BE USED FOR QUALIFIED  
8 MORTGAGE BONDS, MORTGAGE CREDIT CERTIFICATES, OR BONDS TO FINANCE  
9 QUALIFIED RESIDENTIAL RENTAL PROJECTS SHALL BE allocated to the  
10 authority unless the authority elects by resolution to allow  
11 another issuer to issue qualified mortgage bonds, MORTGAGE CREDIT  
12 CERTIFICATES, OR BONDS TO FINANCE QUALIFIED RESIDENTIAL RENTAL  
13 PROJECTS. As used in this subsection:

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

18 (b) "Qualified mortgage bond", ~~means that term~~ "MORTGAGE  
19 CREDIT CERTIFICATE", AND "QUALIFIED RESIDENTIAL RENTAL PROJECT"  
20 MEAN THOSE TERMS as defined in ~~section 143 of~~ the internal rev-  
21 enue code.

22 (7) To assure the continued operation and solvency of the  
23 authority for the carrying out of the public purposes of this  
24 act, the authority shall accumulate in each capital reserve fund  
25 an amount equal to the capital reserve fund requirement for that  
26 fund. If at any time the capital reserve fund requirement for a  
27 capital reserve fund exceeds the amount of the capital reserve

1 fund, the authority shall transfer to this fund from the capital  
2 reserve capital account established by the authority's June 10,  
3 1971 bond resolution the amount necessary to restore the capital  
4 reserve fund to an amount equal to the capital reserve fund  
5 requirement. If a deficiency exists in more than 1 capital  
6 reserve fund and the amount in the capital reserve capital  
7 account is not sufficient to fully restore the capital reserve  
8 funds, the money in the capital reserve capital account shall be  
9 allocated between the deficient capital reserve funds pro rata  
10 according to the amounts of the deficiencies. If at any time the  
11 capital reserve capital account has been exhausted and the capi-  
12 tal reserve fund requirement for a capital reserve fund exceeds  
13 the amount of the capital reserve fund, the chairperson of the  
14 authority on or before September 1 shall certify to the governor  
15 and budget director the amount, if any, necessary to restore a  
16 capital reserve fund to an amount equal to the capital reserve  
17 fund requirement. The governor and the budget director shall  
18 include in the annual budget the amount certified by the chair-  
19 person of the authority.

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

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

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

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

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

1       (13) In addition to the powers granted the state housing  
2 development authority in this act to promulgate rules pursuant to  
3 the administrative procedures act of 1969, Act No. 306 of the  
4 Public Acts of 1969, being sections 24.201 to 24.328 of the  
5 Michigan Compiled Laws, the authority shall furnish to each  
6 member of the legislature a copy of notice of a public hearing or  
7 proposed rule change at least 10 days before the public hearing  
8 and at least 20 days before the adoption of the rule.

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

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

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

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

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

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

14       (d) The extent of displacement, direct and indirect, of  
15 lower income persons caused by these housing projects, and steps  
16 taken by the authority and other governmental and private parties  
17 to ameliorate the displacement, and the results of those  
18 efforts.

19       (e) The estimated extent of additional reinvestment activi-  
20 ties by private lenders attributable to the authority's financing  
21 of these housing projects.

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

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

1 (h) The progress in developing mobile home parks and mobile  
2 home condominium projects, in financing the construction or  
3 rehabilitation of consumer housing cooperative projects, and in  
4 financing the construction or rehabilitation of nonprofit housing  
5 corporation projects.

6 (i) A report on the neighborhood preservation program under  
7 section 44f shall include information about the progress in  
8 developing the program, the neighborhoods identified as being  
9 eligible for the program, the neighborhoods or municipalities  
10 that have applied for the program, the neighborhoods that have  
11 received funds from the program, and the reasons that neighbor-  
12 hoods or municipalities have been denied funds from the program.

13 (j) A report on the status of federal programs that provide  
14 assistance to low income tenants displaced as the result of pre-  
15 payments of federally and authority assisted loans. If the  
16 authority determines that federal programs are inadequate for  
17 tenants of authority-financed housing projects, the authority  
18 will provide recommendations to the legislature as to how to  
19 address this problem on or before May 1, 1989.

20 (k) A report on the low income housing tax credit program  
21 under section 22b, which shall include information regarding the  
22 amount of tax credits allocated to the state under each of the  
23 subdivisions of section 22b(2); the projects that have received  
24 tax credits; and the reasons why projects have been denied tax  
25 credits under the program; a geographical description of the dis-  
26 tribution of those tax credits; and a description of any  
27 amendments to the allocation plan made during that year.

1 (17) The authority shall insure that the income  
2 characteristics of individuals served by an authority program are  
3 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 ~~-\$1,400,000,000.00-~~ \$1,600,000,000.00  
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 ~~-\$700,000,000.00-~~ \$900,000,000.00 shall be  
13 used to finance home improvement loans and single family homes.  
14 With respect to bonds, other than refunding bonds, issued to  
15 finance single family homes after November 1, 1989, for the first  
16 120 days following the announcement of a program funded by the  
17 proceeds of those bonds, 50% of the proceeds of those bonds  
18 available to make loans, as determined by the preliminary infor-  
19 mation obtained by originating lenders at the time a reservation  
20 is submitted, shall be reserved for applicants with gross annual  
21 incomes at or below 55% of the statewide median gross income.  
22 With respect to bonds, other than refunding bonds, issued to  
23 finance single family homes after November 1, 1989, not more than  
24 50% of the proceeds of those bonds may be used to finance single  
25 family homes for homebuyers who previously have had an ownership  
26 interest in a residence. For purposes of this subsection, a  
27 previous ownership interest in a mobile home shall not be



1 considered to be an ownership interest in a residence. The  
2 authority may rely on the applicant's affidavit to determine  
3 whether or not the applicant has had a prior ownership interest  
4 in a residence. The authority shall publicize the programs  
5 funded under this subdivision by using all reasonable means  
6 available, including, but not limited to, public interest  
7 announcements in the media, and announcements to lending institu-  
8 tions, community groups, and real estate organizations. The  
9 authority shall submit a report annually to the legislature con-  
10 taining all statistics necessary to indicate its compliance with  
11 this subdivision.

12 (b) Not more than \$400,000,000.00 shall be used to finance  
13 multifamily housing projects under section 44c and not more than  
14 75% of this amount shall be used for housing projects located in  
15 areas other than eligible distressed areas.

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

21 (2) A note or bond issued by the authority after July 9,  
22 1984 shall be considered to be issued subject to the limitations  
23 of subsection (1). After the limitation set forth in subsection  
24 (1)(c) has been reached, the principal amount of a note or bond  
25 issued to finance housing described in subsection (1)(c) shall be  
26 applied against the debt capacity that was in effect on July 9,  
27 1984. After a limitation set forth in subsection (1)(a) or (b)

1 is reached, the authority shall not issue a note or bond under  
2 the provisions of section 44c or 44(2)(a).