

HOUSE No. 3904

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to the re-codification of the Massachusetts Housing Finance Authority..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 121D of the General Laws is hereby amended by striking out
2 section 5 and inserting in place thereof the following section:-

3 Section 5. The Massachusetts Housing Finance Agency shall, as part of its annual report
4 requirement set forth in section 23 of chapter 121I, detail all expenditures from the fund,
5 including but not limited to the recipient of the funds, the cost of administration, and the number
6 of units constructed, acquired and rehabilitated.

7 SECTION 2. Section 1 of chapter 121E of the General Laws, as appearing in section 6
8 of chapter 119 of the acts of 2008, is hereby amended by striking out the definition of
9 “Authorities” and inserting in place thereof the following definition:-

10 Authorities”, the Massachusetts Development Finance Agency, established in chapter
11 23G, community development corporations established pursuant to chapter 40F, the Community
12 Economic Development Assistance Corporation, established in chapter 40H, operating agencies,
13 established pursuant to chapter 121B, the Massachusetts Housing Finance Agency, established in

14 chapter 121I and nonprofit agencies certified by the United States Department of Housing and
15 Urban Development as community housing development organizations. SECTION 3. Section 3
16 of chapter 121G of the General Laws, as so appearing is hereby amended by striking the words
17 “708 of the acts of 1966” and inserting in place thereof the following:- 121I.

18 SECTION 4. The General Laws are hereby further amended by inserting after chapter
19 121H the following chapter:-

20 CHAPTER 121I.

21 THE MASSACHUSETTS HOUSING FINANCE AGENCY.

22 Section 1. As used in this chapter, the following words shall, unless a contrary intent is
23 clearly indicated, have the following meanings:-

24 “Annual income”, a family's or person's gross annual income less such reasonable
25 allowances for dependents, other than spouse, and medical expenses as MHFA determines.

26 “Community based residence”, a residential unit constructed or rehabilitated to
27 accommodate clients under the care, treatment or supervision of an agency of the commonwealth
28 including, but not limited to, the departments of mental health, developmental services and
29 public health or any successors thereto.

30 “Disposition agreement”, an agreement between the mortgagor and MHFA contained in
31 an instrument in recordable form, which agreement shall require that at least 20 per cent of the
32 dwelling units in a project financed by a mortgage loan be used solely for housing for low
33 income persons or families, consistent with the provisions of this chapter, for a term equal to the
34 original term of the mortgage loan; provided, however, that, in the case of a disposition

35 agreement entered into with respect to a mortgage loan made or financed by the MHFA after
36 July 1, 1983, the term of such disposition agreement shall be 15 years or such greater period of
37 time as may be required by the MHFA.

38 “Earned surplus”, shall have the same meaning as in generally accepted accounting
39 standards;

40 “Elderly housing”, housing that is specifically intended, designed or operated to assist
41 persons 62 years of age or older or otherwise designated as housing for older persons pursuant to
42 the provisions of the Federal Fair Housing Act, 42 USC 3601, et seq.

43 “FHA”, the Federal Housing Administration, United States Department of Housing and
44 Urban Development, and any successor to its functions;

45 “Housing development area“, any blighted open area, or any decadent area, or any
46 substandard area, as respectively defined in section 1 of chapter 121B and as determined by
47 MHFA.

48 “Low income persons or families”, those persons and families whose annual income is
49 equal to or less than the maximum amount which would make them eligible for units owned or
50 leased by the housing authority in the city or town in which the project or the residence for which
51 the mortgage loan is sought is located or, in the event that there is no housing authority, that
52 amount which is established as the maximum for eligibility for low-rent units by the department
53 of housing and community development.

54 “MHFA”, the Massachusetts Housing Finance Agency.

55 “Moderate income persons or families”, those persons or families other than low income
56 persons or families whose annual income is less than the amount necessary to enable them to
57 obtain and maintain decent, safe and sanitary housing without the expenditure of over 30 per cent
58 of such income for housing expenses, including the provision of heat, electricity, hot water and
59 an allowance for maintenance and repairs.

60 “Mortgage lender”, any bank, mortgage broker, mortgage company or mortgage banker,
61 trust company, savings bank, credit union, federal savings and loan association, or building and
62 loan association maintaining an office in the commonwealth or an insurance company or national
63 banking association authorized to transact business in the commonwealth.

64 “New residential mortgage”, a loan, including a home improvement loan, made by or on
65 behalf of the MHFA or by a mortgage lender and secured by a mortgage, note, bond or other
66 obligation constituting a lien upon real property or by a lease of the fee of real property or a
67 pledge of stock in a cooperative and an assignment of a proprietary lease on real property located
68 in the commonwealth and improved by a residential building or unimproved if the proceeds of
69 such loan shall be used for purpose of erecting, acquiring or rehabilitating a residential building
70 thereon, or for the purpose of acquiring, constructing or rehabilitating a condominium unit or a
71 cooperative share in a cooperative provided that each such loan made from the proceeds of a loan
72 made or acquired by MHFA or made by a mortgage lender shall be made to an owner-occupant
73 pursuant to section 6.

74 “Project”, a number of dwelling units constructed, rehabilitated, refinanced for continued
75 use or converted to a cooperative or condominium with the assistance of a mortgage loan from
76 the MHFA.

77 “Secretary of housing and urban development”, shall mean the principal executive officer
78 of the United States Department of Housing and Urban Development.

79 Section 2. (a) It is hereby declared that as a result of public actions involving highways,
80 public facilities and urban renewal programs, and as a result of the spread of slum conditions and
81 blight to formerly sound neighborhoods, there now exists in many cities and towns in the
82 commonwealth an acute shortage of decent, safe and sanitary housing available at low rentals
83 which persons and families of low income, elderly persons and veterans who will be returning
84 from Vietnam can afford. This shortage is inimical to the safety, health, morals and welfare of
85 the residents of the commonwealth and the sound growth of the communities therein. The
86 continued inadequacy of the supply of such housing inhibits the carrying out of needed slum
87 clearance projects and results in the continued existence and proliferation of substandard and
88 decadent housing, with all its attendant consequences of disease, crime, injuries, retardation of
89 education, and high costs for municipal services, such as welfare, police and fire protection. This
90 public exigency, emergency and distress has not been met in any way by private agencies.
91 Private enterprise, without the assistance contemplated in this chapter, cannot achieve the
92 construction of decent, safe and sanitary housing at rentals which persons and families of low
93 income can afford in situations where permanent betterment of living conditions is to be hoped
94 for. Moreover, experience has demonstrated that concentration of low income persons and
95 families even in standard structures built with public subsidy does not eliminate undesirable
96 social conditions and does not permanently eliminate slum conditions. It is therefore imperative
97 that the cost of mortgage financing, which materially affects rental levels in units built by private
98 enterprise be made lower so as to reduce rental levels for these low income persons and families,
99 that the supply of housing for persons and families displaced by public action or natural disaster

100 be increased, and that private enterprise be encouraged to build housing which will prevent the
101 recurrence of slum conditions and assist in their permanent elimination by housing persons of
102 varied economic means in the same projects and neighborhoods.

103 (b) It is further declared that the commonwealth is faced with serious deterioration of its
104 housing stock. This deterioration exacerbates the shortage of decent housing that low or
105 moderate income persons or families can afford. Deterioration of the housing stock also has
106 adverse impacts on many neighborhoods where the housing is located, which may result in
107 further proliferation of substandard housing with all its attendant consequences. Private
108 enterprise cannot address the housing deterioration problem adequately unaided. The repair or
109 rehabilitation by private owners of housing at an early state of deterioration, therefore, should be
110 encouraged and assisted through provision of a low-cost financing program for moderate
111 rehabilitation.

112 (c) It is hereby found that as a result of the continuing increases in the cost of
113 construction or rehabilitation, municipal taxes, heating and electricity expenses, maintenance and
114 repair expenses and the cost of land, low income persons and families and moderate income
115 persons and families in many areas within the commonwealth, including areas which contained
116 formerly stable neighborhoods, are unable to purchase, rehabilitate and maintain decent, safe and
117 sanitary housing which provide an opportunity for home ownership either directly or through a
118 condominium or cooperative form of ownership. The inability of such families to purchase and
119 hold housing in the commonwealth results in the decline of new housing and in the decay of the
120 existing housing stock and of existing neighborhoods with attendant increases in municipal costs
121 for welfare, police and fire protection. The decline in new housing, together with the decay of
122 existing housing stock, has produced a critical shortage of adequate housing in the

123 commonwealth adversely affecting the economy of the commonwealth and the well-being of its
124 residents. Private enterprise without the assistance contemplated by this chapter cannot achieve
125 the construction or rehabilitation of any housing for persons and families of low or moderate
126 income, and the alternative of forcing such persons or families to live in substandard housing is
127 undesirable since it tends to decrease the interest of such persons or families in their
128 communities, the maintenance of their property and the preservation of their neighborhoods.

129 (d) A large and significant number of commonwealth residents have and will be subject
130 to hardship in finding decent, safe and sanitary housing unless new facilities are constructed and
131 existing housing, where appropriate, is rehabilitated. Unless the supply of housing and the ability
132 of low income persons and families and moderate income persons and families to obtain
133 mortgage financing is increased significantly and expeditiously, a large number of residents of
134 the commonwealth will be compelled to live in unsanitary, overcrowded and unsafe conditions to
135 the detriment of the health, welfare and well-being of these persons and of the whole community
136 of which they are a part. By increasing the housing supply of the commonwealth and the ability
137 of low income persons and families and moderate income persons and families to obtain
138 mortgage financing, the clearance, replanning, development and redevelopment of blighted areas
139 will be aided, and the critical shortage of adequate housing will be ameliorated.

140 (e) It is hereby found that a major cause of this housing crisis is the lack of funds at
141 interest rates which are at a level at which low and moderate income persons and families can
142 afford to own and maintain decent, safe and sanitary housing, and further, it is hereby found that
143 an additional major cause of such a housing crisis is the lack of funds available to finance
144 housing by the private mortgage lending institutions of the commonwealth. It is further found

145 that this lack of funds has frustrated the maintenance, sale and purchase of existing residences in
146 the commonwealth.

147 (f) It is hereby further found that to aid in remedying these conditions, to promote the
148 expansion of the supply of funds at low interest rates available for new residential mortgages for
149 low income persons and families and moderate income persons and families and thereby help
150 alleviate the shortage of adequate housing, a corporate agency of the commonwealth shall be
151 created with power to: (1) raise funds from private investors in order to make those funds
152 available, through mortgage lending institutions, for new residential mortgage loans to low
153 income persons and families and moderate income persons and families; (2) insure such new
154 residential mortgage loans: and (3) provide technical assistance to low income persons and
155 families and moderate income persons and families desiring such new residential mortgage
156 loans. By utilizing such powers the agency created shall help develop the financial resources
157 available to meet such housing needs.

158 (g) It is hereby further found that there is insufficient housing which is accessible to and
159 usable by handicapped persons. The shortage of housing results in handicapped persons having
160 to modify and adapt housing so as to make it accessible and usable to them. Persons of low and
161 moderate income frequently do not have the resources to finance these necessary modifications
162 and adaptations of housing. To aid in remedying those conditions, to promote the expansion of
163 the supply of funds at low interest rates available for residential loans for low income persons
164 and families and moderate income persons and families and thereby help alleviate the shortage of
165 accessible housing, the MHFA shall have the power to: (1) raise funds from private investors in
166 order to make such funds available, through lending institutions for residential loans to low
167 income persons and families and moderate income persons and families; (2) insure such

168 residential loans; and (3) provide technical assistance to low income persons and families
169 desiring such residential loans. By utilizing such powers the MHFA shall develop the financial
170 resources available to meet the need for housing which is accessible to and usable by
171 handicapped persons.

172 (h) It is hereby further found that there is insufficient housing which is accessible to and
173 suited for physically and mentally handicapped persons who are otherwise capable of living in
174 community settings. Persons of low and moderate income frequently do not have the resources to
175 finance the acquisition or construction of new housing or the necessary accommodations or
176 modifications and adaptations of existing housing and there is a shortage of decent, safe and
177 sanitary housing that offers the necessary supportive services for persons with mental disabilities
178 or other special needs. Such shortage of decent, safe and sanitary housing results in the continued
179 hospitalization or institutionalization of a number of mentally disabled and other persons who
180 desire to and can live independently in the community and who will benefit substantially from
181 placement in a private, community based residence. Private enterprise, without the assistance
182 contemplated by this chapter, cannot achieve the modification or adaptation of existing housing
183 into community based residences nor the construction of community based residences. To
184 address such problems, the MHFA shall have the power to: (1) raise funds from private investors
185 in order to make low interest rate funds available for the acquisition, construction, adaptation and
186 rehabilitation of housing designed to meet the needs of physically or mentally handicapped
187 individuals and their families; (2) insure residential or construction or permanent or rehabilitation
188 loans for community based residences; and (3) provide technical assistance to low income
189 persons and families applying for residential loans and to sponsors of community based
190 residences.

191 (i) It is hereby further found that the authority and powers conferred under this chapter
192 and the expenditure of public monies pursuant thereto constitutes a serving of a valid public
193 purpose and that the enactment of the provisions hereinafter set forth is in the public interest and
194 is hereby so declared to be such as a matter of determination by the general court.

195 Section 3. (a) There is hereby created and placed in the department of housing and
196 community development a body politic and corporate to be known as the MHFA, which shall not
197 be subject to the supervision or control of any executive office, department, division,
198 commission, board, bureau or agency except to the extent and in the manner provided by law.
199 The MHFA is hereby constituted a public instrumentality, and the exercise by the MHFA of the
200 powers conferred by this chapter shall be deemed and held to be the performance of an essential
201 governmental function. Any law to the contrary notwithstanding the MHFA shall not be subject
202 to the provisions of chapter 30A.

203 (b) The MHFA shall consist of the director of housing and community development or a
204 designated representative and the secretary of administration and finance or a designated
205 representative, ex officio, and 7 persons to be appointed by the governor, of whom 1 shall be
206 experienced in mortgage banking, 1 shall be trained in architecture or city or regional planning, 1
207 shall be experienced in real estate transactions, 2 shall be experienced in single-family residential
208 development, and 1 shall be a representative of organized labor appointed from a list of at least 5
209 names submitted by the Massachusetts State Labor Council, AFL-CIO. Each appointive member
210 shall be appointed for a term of 7 years, except that in making initial appointments, the governor
211 shall appoint 3 members to serve for terms of 3, 5, and 6 years, respectively, as the governor may
212 designate. Each appointive member shall serve until a successor is appointed and duly qualified.

213 Any person appointed to fill a vacancy shall serve only for the unexpired term. Any member
214 shall be eligible for reappointment.

215 (c) The governor shall designate 1 of the members as chairman of the MHFA who shall
216 serve as such chairman during such member's term of office. The MHFA shall annually elect 1
217 of its members as vice-chairman and shall also annually elect a secretary, a treasurer and such
218 other officers as it may determine, none of whom need be members of MHFA. The secretary
219 shall keep a record of the proceedings of the MHFA and shall be custodian of all books,
220 documents, and papers filed with the MHFA and of its minute book and seal. The secretary shall
221 have authority to cause to be made copies of all minutes and other records and documents of the
222 MHFA and to give certificates under the seal of the MHFA to the effect that such copies are true
223 copies and all persons dealing with the MHFA may rely upon such certificates. The treasurer
224 shall be the chief financial and accounting officer of the MHFA and shall be in charge of its
225 funds, books of account, and accounting records.

226 (d) Five members of the MHFA shall constitute a quorum and the affirmative vote of 5
227 members shall be necessary for any action taken by the MHFA. No vacancy in the membership
228 of the MHFA shall impair the right of a quorum to exercise all the rights and perform all the
229 duties of the MHFA.

230 (e) The members of the MHFA shall serve without compensation, but each member shall
231 be reimbursed for such member's necessary expenses incurred in the discharge of official duties.

232 Section 4. The MHFA is hereby authorized to:-

233 (a) Make first mortgage loans or other loans secured in such manner as the MHFA shall
234 by resolution determine to be necessary to assure payment of such loans and the interest thereon

235 as the same become due, including mortgages insured by the secretary of housing and urban
236 development or purchase, participate in the purchase of, or contract to purchase, and to make
237 advance commitments therefor, such loans or securities which are secured by such mortgage
238 loans, or make loans to mortgage lenders who have entered into a commitment to make such
239 mortgage loans, to finance the building acquisition, continued use or rehabilitation of housing
240 designed and planned to be available at low and moderate rental for low income persons and
241 families and others upon the terms set forth in section 5 and pursuant to regulations adopted by
242 it, make seed money loans to nonprofit developers of such housing.

243 (b) Adopt by-laws for the regulation of its affairs and the conduct of its business.

244 (c) Adopt an official seal.

245 (d) Sue and be sued in its own name.

246 (e) Make and execute contracts and all other instruments necessary or convenient for the
247 exercise of its power and functions.

248 (f) Acquire, hold and dispose of personal and real property for its corporate purposes.

249 (g) Enter into agreements or other transactions with any federal or state agency.

250 (h) Acquire real property, or an interest therein, by purchase or foreclosure, where such
251 acquisition is necessary or appropriate to protect any loan in which the agency has an interest; to
252 sell, transfer and convey any such property to a buyer and in the event such sale, transfer or
253 conveyance cannot be effected with reasonable promptness or at a reasonable price, to lease such
254 property to a tenant. In effecting a foreclosure sale, the MHFA may require that the purchaser

255 acquire title subject to such restrictions on use and occupancy for low and moderate income
256 persons and families as may be in effect for the development at the time of the sale.

257 (i) Invest any funds held in reserves or sinking funds, or any funds not required for
258 immediate disbursement, in such investments as may be lawful for fiduciaries in the
259 commonwealth.

260 (j) Borrow money by the making of notes and the issuance of bonds and secure such
261 bonds by the pledge of revenues, mortgages and notes of others.

262 (k) Employ an executive director and such other agents, employees, professional and
263 business advisers as may from time to time be necessary in its judgment and to fix their
264 compensation. The executive director, professional advisers and business advisers shall not be
265 subject to the provision of chapter 31 or section 9A of chapter 30.

266 (l) Appear in its own behalf before boards, commissions, departments or other agencies
267 of government, municipal, state, or federal.

268 (m) Sell, at public or private sale, any mortgage or other obligation securing mortgage
269 loan, including sales of mortgages to the Federal National Mortgage Association, United States
270 Department of Housing and Urban Development.

271 (n) Procure insurance against any loss in connection with its property in such amounts,
272 and from such insurers, as may be necessary or desirable.

273 (o) Consent, subject to the provisions of any contract with noteholders or bondholders,
274 whenever it deems it necessary or desirable in the fulfillment of the purposes of this chapter, to
275 the modification, with respect to rate of interest, time of payment or any installment of principal

276 or interest, or any other terms, of any mortgage, mortgage loan, mortgage loan commitment,
277 contract or agreement of any kind to which the MHFA is a party.

278 (p) Make and publish rules and regulations respecting the grant of mortgage loans under
279 this chapter, the regulation of borrowers, the delineation of general housing market areas and the
280 setting of dependency and medical expense allowances.

281 (q) Do any and all things necessary or convenient to carry out its purposes and exercise
282 the powers expressly given and granted in this chapter, including the establishment of any type
283 of subsidiary, subordinated, independent or affiliated entity otherwise allowed by law, including
284 stock corporations or membership corporations whether organized for profit or for nonprofit
285 purposes, partnerships, joint ventures or trusts, and to hold any type or form of ownership or
286 other beneficial interest in any such entity.

287 (r) Accept gifts or grants or loans of, or act as an agent or conduit in administering the
288 disbursement of funds or property or financial or other aid from any federal or state agency or
289 private fund.

290 (s) Establish a special financing program to enable low-income families or persons to
291 own 1, 2 and 3 family homes, provided that the total number of low-income families eligible
292 hereunder shall not exceed 1 per cent of the total number of families resident in a city or town,
293 provided that the structures acquired hereunder may be newly built, existing or rehabilitated,
294 provided such structures conform to the local building code and the State Sanitary Code, and
295 provided that the MHFA shall find that making of such loan shall not create or contribute to an
296 undue concentration of low income families in any one neighborhood. The MHFA may
297 purchase such structures in its own name or authorize the purchase of the same by low income

298 families. Any structure so purchased by the MHFA shall be conveyed to a low-income family
299 within 1 year from the date of such purchase. A down payment or equity investment of not less
300 than 2 per cent of the purchase price shall be required of each prospective buyer which may be
301 made in the form of a money payment or in any other form approved by the MHFA.

302 (t) Establish a program to finance the building or rehabilitation of housing designed for
303 condominium or cooperative ownership, convert existing housing however financed to such form
304 of ownership, and finance the ownership of individual shares of cooperative housing, and
305 individual units of condominium housing, and in connection therewith to make first mortgage
306 loans to finance the organization and the construction or rehabilitation of cooperative or
307 condominium housing projects, to assist and advise tenants and owners during a period of
308 conversion from ownership to cooperative or condominium ownership, and to make first
309 mortgage loans to finance the ownership of cooperative shares or condominium units in existing
310 as well as newly built or rehabilitated buildings for low-income persons and families and others
311 on the terms set forth in section 5, except that in the case of loans to individual owner-occupants
312 the loan value ratio shall not exceed 98 per cent of the project cost or value as determined by the
313 MHFA and clauses (2), (3) and (4) of subsection (g) of section 5 need not be made, and provided
314 that in the case of loans with respect to occupied, existing housing to be converted to cooperative
315 or condominium ownership, MHFA shall determine, prior to any loan commitment, pursuant to
316 rules and regulations promulgated by it, that a sufficient number of the persons and families who
317 are tenants before such a conversion shall have agreed to purchase units after conversion to
318 ensure the economic feasibility of the conversion and to ensure that the conversion will not
319 create undue hardship through the displacement of such tenants.

320 (u) The MHFA may establish a program or programs to insure its mortgage loans
321 pursuant to section 5 or new residential mortgages made or acquired by it or made by mortgage
322 lenders from the proceeds of a loan pursuant to section 6 alone or in conjunction with private
323 enterprise or the commonwealth or the United States or any agency of either or both of them.
324 The MHFA may establish loss reserve accounts for insurance programs and may fund such
325 accounts from available monies.

326 (v) Establish a program to finance or assist the financing of the moderate rehabilitation of
327 existing housing and in connection therewith to make mortgage loans to finance such
328 rehabilitation, to purchase, participate in the purchase of, or contract to purchase moderate
329 rehabilitation loans, to enter into advance commitments for the purchase of, or participation in
330 the purchase of moderate rehabilitation loans, to make loans to mortgage lenders who have
331 entered into commitments to make moderate rehabilitation loans and to fund and operate an
332 interest subsidy program. Such moderate rehabilitation loans shall be made upon the terms set
333 forth in section 5, except as expressly provided herein. The term “moderate rehabilitation loan”
334 shall mean a loan to finance housing repairs or rehabilitation of less than a substantial nature, as
335 defined by the MHFA, plus any building acquisition or mortgage refinancing allowed by the
336 MHFA. Such moderate rehabilitation loans may be secured by either a first or senior lien or a
337 second or junior lien upon the real property of which the project consists and the personal
338 property attached to or used in connection with the acquisition, rehabilitation, and repair of the
339 project or may be unsecured. MHFA may obtain or participate in loan insurance with
340 governmental as well as private sources. MHFA may declare and establish rules and regulations,
341 respecting the grant or purchase of loans and the funding and operation of subsidy programs
342 under this section, the regulation of borrowers and lenders including allocation of risk of loan

343 defaults, the delineation of types of loans and neighborhoods to be covered by the program and
344 other matters. MHFA may enter into agreements with local communities to facilitate the
345 implementation of the program. MHFA may finance such moderate rehabilitation loan program
346 by the sale of bonds or notes.

347 (w) Loan or grant any monies in its Working Capital Fund available to MHFA for its
348 general purposes to the Massachusetts Home Mortgage Finance Agency to be used for its general
349 purposes.

350 (x) Establish a program to utilize the net proceeds realized from the prepayment of any
351 mortgage purchased from the United States or any agency thereof, to provide subsidies for the
352 purpose of enabling low income persons or families to continue to occupy units in such projects
353 after the mortgage has been prepaid.

354 (y) Establish a program to finance or assist the financing of the modifications or
355 adaptation of existing housing in order to make such housing accessible to and usable by
356 handicapped persons and in conjunction therewith and to further the purpose of this program (i)
357 to make low interest loans, including but not limited to home improvement loans, to low income
358 persons or families and to moderate income persons or families, (ii) to purchase, participate in
359 the purchase of, or contract to purchase loans, (iii) to enter into advance commitments for the
360 purchase of or participation in the purchase of loans, and (iv) to make loans to lenders who have
361 entered into commitments to make loans and to fund and operate an interest subsidy program.

362 (z) Notwithstanding any provision herein to the contrary, make loans for the purpose of
363 financing the construction or acquisition and rehabilitation of community based residences. In
364 conjunction therewith, the MHFA is authorized to make low interest loans including, but not

365 limited to, construction or permanent loans for community based residences. The MHFA shall
366 publish regulations governing the making of such loans.

367 (aa) Make and acquire new residential mortgages and participations therein and make
368 loans to mortgage lenders under terms and conditions requiring the proceeds thereof to be used
369 by such mortgage lenders for the making of new residential mortgages, all subject to the
370 provisions of section 6.

371 (bb) Provide technical assistance to potential borrowers from mortgage lenders, subject to
372 the provision of section 8.

373 (cc) Collect, enforce the collection of, and foreclose on any collateral securing new
374 residential mortgages made or acquired by it and its loans to mortgage lenders and acquire or
375 take possession of such collateral and sell the same at public or private sales, with or without
376 public bidding, and otherwise deal with such collateral as may be necessary to protect the interest
377 of the MHFA therein, all subject to any agreement with bondholders or noteholders.

378 (dd) Make and publish rules and regulations respecting the grant of loans under this
379 chapter and the regulation of borrowers and any other regulations necessary to fulfill the
380 purposes of this chapter.

381 (ee) Establish, and revise from time to time, and charge and collect fees and charges in
382 connection with new residential mortgages made or acquired by the MHFA and loans made by
383 the MHFA to mortgage lenders and in connection with MHFA's mortgage insurance program.

384 (ff) Establish programs to insure new residential mortgages made or acquired by the
385 MHFA and loans made by mortgage lenders with the proceeds of loans made by MHFA to such
386 mortgage lenders, subject to the provisions of section 7.

387 (gg) Establish in areas covered by a neighborhood preservation program approved by the
388 MHFA under section 6 a program to encourage mortgage lenders to make loans within such
389 areas to persons or families of low and moderate income who are, or intend to be, owner-
390 occupants.

391 (hh) Sell, purchase and contract and enter into advance commitments to purchase and
392 take assignments from mortgage lenders of new residential mortgages owned or to be owned by
393 mortgage lenders, including securities and other obligations of mortgage lenders secured by or
394 representing an interest in new residential mortgages, all subject to the provisions of section 6.
395 Acquire or accept by pledge Government National Mortgage Association guaranteed mortgage-
396 backed securities, backed by new residential mortgages or interests therein, or other instruments
397 of indebtedness issued or guaranteed by the United States of America or any agency or
398 instrumentality thereof or corporation created thereby which have been or will be issued to
399 finance new residential mortgages.

400 (ii) Engage in or assist in the rehabilitation of housing or the development of home
401 ownership under any federal program providing assistance for low or moderate income housing
402 as from time to time may be established and funded by the federal government.

403 (jj) Enter into contribution contracts with any federal or state agency or private fund, and
404 contracts with owners or tenants of dwelling units, with respect to the making of federal or state
405 rent subsidy payments.

406 (kk) Do any and all things necessary or convenient to carry out its purposes and exercise
407 the powers expressly given and granted in this chapter.

408 (ll) Make loans to mortgage lenders for residential development for families or elderly
409 persons the dwelling units and related common areas of which are, or are to be, owned in
410 accordance with the provisions of chapter 183A; provided, however, that such dwelling units are
411 available only to first time home owners as defined by regulation by MHFA; and provided,
412 further, that such dwelling units are available only to persons of moderate income as defined by
413 regulations by MHFA.

414 (mm) Make loans to eligible mortgagors as defined in subsection (b) of section 5, and
415 acquire loans from mortgage lenders or make loans to mortgage lenders, for the purpose of
416 financing the construction or acquisition and rehabilitation of owner-occupied housing not less
417 than 25 per cent of which is available for purchase by persons and families qualifying for a new
418 residential mortgage made or acquired by or on behalf of MHFA pursuant to section 6. Prior to
419 making a construction loan for owner-occupied housing, the MHFA will make a finding that
420 such construction financing is not available from conventional financing sources.

421 (nn) Establish a qualified mortgage credit certificate program and issue mortgage credit
422 certificates, as defined in section 25 of the Internal Revenue Code of 1986, and thereunder, upon
423 such terms and conditions as the MHFA, in its discretion, may determine to be necessary or
424 desirable, provided such certificates shall not constitute bonds or notes or other evidence or
425 indebtedness of the MHFA under the provisions of this chapter or be deemed to be a debt or
426 pledge of the faith and credit of the MHFA.

427 (oo) Establish a lead paint abatement loan program throughout the commonwealth in
428 consultation with the department of public health or such agency as the governor shall designate,
429 the purpose of which shall be to assist residential property owners in financing the abatement and
430 containment of lead paint hazards. Not less than one-half of funds allocated for this program
431 shall be distributed to agencies and organizations serving high risk areas and communities
432 designated by the department of public health or by such agency as the governor shall designate.

433 (pp) Administer on behalf of any agency of the commonwealth a program of
434 rehabilitation or home improvement for the benefit of low and moderate income persons or
435 families.

436 Section 5. (a) The MHFA may make mortgage loans to owners or sponsors of such
437 housing projects containing 2 or more dwelling units as in the judgment of MHFA are supplying
438 or have promise of supplying well planned, well designed apartment units which are providing or
439 will provide housing for low-income persons or families in a location where there is a need for
440 such housing, or purchase or participate in the purchase of securities which are secured by such
441 mortgage loans. Such projects may include ancillary commercial facilities to the extent permitted
442 by the then applicable MHFA regulations. On all construction loans for the construction of 11 or
443 more dwelling units the MHFA shall require (1) the payment of prevailing wages as determined
444 by the commissioner of labor and industries, or any successor, as provided in sections 26 to 27D
445 of chapter 149, and said commissioner shall enforce the provisions of said sections, and (2) that
446 said sponsor furnish a bond, letter of credit or escrow arrangement which in the discretion of the
447 MHFA is adequate to ensure that mechanics liens filed pursuant to the provisions of chapter 254
448 may be discharged.

449 (b) The MHFA may make or finance loans to individuals, joint ventures, partnerships,
450 limited partnerships, trusts, corporations, cooperatives and condominiums, whether nonprofit or
451 organized for profit and federal, state or local agencies or departments.

452 (c) The MHFA shall have authority to set from time to time the interest rates at which it
453 shall make or finance loans. In connection with the making or financing of mortgage loans and
454 commitments therefor, and in addition to such interest charges, the MHFA may make and collect
455 such fees and charges, including but not limited to reimbursement of the MHFA's financing costs
456 service charges, insurance premiums and mortgage insurance premiums, as the MHFA
457 determines to be reasonable.

458 (d) A mortgagor may not make distributions in any 1 year with respect to a project
459 financed by the MHFA in excess of 10 percent of the mortgagor's equity in such project. The
460 mortgagor's initial equity in a project shall consist of the difference between the mortgage and
461 the total project value or cost, whichever is greater as determined by MHFA in accordance with
462 its regulations or other published procedures. The MHFA may reestablish the mortgagor's equity
463 not more than once every 5 years thereafter, based upon the total project value at that time.

464 Notwithstanding the foregoing, the provisions of this paragraph shall not apply to
465 mortgages purchased by MHFA from the United States or any agency thereof. In the event any
466 such mortgage is increased or otherwise modified, the provisions of this paragraph shall apply
467 and the MHFA shall, pursuant to regulations adopted by it, establish the mortgagor's equity at the
468 time of such increase or modification.

469 (e) Whenever a mortgagor accumulates earned surplus in addition to such reserves for
470 replacement as the MHFA may require in excess of 10 per cent of the initial annual rent roll for

471 the project, rents in the project shall be reduced to the extent necessary to lower the earned
472 surplus accumulation to such 10 per cent figure in the following fiscal year. Every ten years the
473 mortgagor may seek the approval of the MHFA to an increase in the replacement reserves to the
474 extent warranted, in the judgment of the MHFA, by increased price levels or unusual
475 maintenance and repaid requirements.

476 (f) The terms including the ratio of loan to project value, prepayment provisions and the
477 amortization period of loans made or financed under this act which are insured by FHA shall be
478 governed by the FHA mortgage insurance commitment for each project concerned, but shall not
479 exceed 50 years. In the case of a mortgage loan not insured by FHA, the ratio of loan to project
480 value and the amortization period of loans shall be determined in accordance with regulations
481 formulated and published by the MHFA, but in no event shall such loan value ratio exceed 90
482 per cent of project cost as determined by the MHFA, except that in the case of loans to nonprofit
483 sponsors, such loan shall not exceed 100 per cent of the project cost, nor shall the amortization
484 period exceed 50 years. A loan hereunder may be prepaid after a period of (a) 20 years for loans
485 made prior to July 1, 1983; (b) 15 years for loans made on or subsequent to July 1, 1983; or (c)
486 sooner with the permission of MHFA for the purpose of conversion of the project to cooperative
487 or condominium ownership by an occupant; provided, however, that nonprofit sponsors may
488 prepay their loans prior to maturity only with the consent of MHFA. The MHFA shall grant such
489 consent if it finds: (1) that it may reasonably be expected that the prepayment of the loan will not
490 result in a material escalation of rents charged to tenants in the project; and (2) the need for low
491 rental housing in the area concerned is no longer acute. Notwithstanding the foregoing, the
492 provisions of this section shall not apply to mortgages purchased by the MHFA from the United
493 States or any agency thereof.

494 (g) Prior to making or financing a loan commitment or loan under this act, the MHFA
495 shall find: (1) that low income persons and families can afford the adjusted rentals, including the
496 provision of heat, electricity and hot water, set for 20 per cent of the units in the project on the
497 basis of the use of not more than 30 per cent of the qualifying income for such housing or such
498 greater portion of their annual income as required by laws, regulations or guidelines applicable to
499 any affordable housing program of an agency of the United States government, or the
500 commonwealth or any agency thereof, to be used in connection with the proposed project; (2)
501 that there exists or would exist but for the project a shortage of decent, safe, and sanitary housing
502 at low rents available to persons and families of low-income within the general housing market
503 area to be served by the proposed project; (3) that private enterprise without the assistance
504 contemplated by this act cannot supply such housing; (4) that such project either is itself
505 designed to house persons and families of varied economic means or will not create or contribute
506 to an undue concentration of low-income families in any one neighborhood; and (5) that
507 programs of public agencies within the general housing market are to be served by the project
508 have accomplished or will accomplish within the next 5 years the elimination by demolition,
509 condemnation, effective closing, or compulsory repair or improvement of unsafe or unsanitary
510 dwelling units situated within such market area substantially equal in number to the number of
511 units to be provided by such project provided that the accomplishment of such elimination may
512 be deferred beyond the 5 year period in any general housing market area where there continues
513 to be an acute shortage of decent, safe, or sanitary housing available to persons and families of
514 low income. Where more than 1 family is living in an unsafe or unsanitary dwelling unit, the
515 elimination of such unit shall count as the elimination of units equal to the number of families
516 accommodated therein. The findings as to the elimination of unsafe and unsanitary dwelling

517 units need not be made in the case of the purchase of a mortgage by the MHFA from the United
518 States or any agency thereof or the financing of a project previously financed by the United
519 States or any agency thereof, or in the case of any project located in a rural, nonfarm area, or of
520 any project developed on the site of substandard area or of any project undertaken within an
521 urban renewal or land assembly and redevelopment area.

522 (h) Prior to making a loan commitment or loan under this act, the MHFA shall notify the
523 municipal officers and members of the general court hereinafter specified of its intention to make
524 such a commitment or loan, setting forth in such notification a description of the property,
525 sufficient for purposes of identification, with respect to which such loan is contemplated and a
526 description of the scope of the construction or reconstruction to be financed by such loan. Said
527 notification shall be given to the mayor of cities or selectmen of towns in any city or town within
528 which property may lie with respect to which such loan is contemplated. Such notification shall
529 also be given to all state senators and state representatives within whose districts property may
530 lie with respect to which a MHFA loan is contemplated.

531 (i) The MHFA shall require, in the fulfillment of the purposes of this chapter, prior to or
532 in connection with making or modifying a mortgage loan, contract, or agreement of any kind,
533 including those in existence on the effective date of this paragraph, to which the MHFA is a
534 party, that the mortgagor enter into a disposition agreement with the MHFA. No disposition
535 agreement shall be unenforceable on account of lack of privity of estate or contract or lack of
536 benefit to particular land or on account of the benefit thereof being assignable. A disposition
537 agreement shall constitute an interest in land and shall run with the land and may be enforced by
538 the MHFA and its successors and assigns by injunction or any remedy at law or in equity. The
539 provisions of a disposition agreement shall survive the foreclosure of any mortgage and shall be

540 enforceable during the term of the disposition agreement. The MHFA and its successors and
541 assigns may enter upon the land, at reasonable times, to ensure compliance with a disposition
542 agreement. The MHFA and its successors and assigns may waive the requirement that a
543 disposition agreement be entered into with respect to only those units designated for persons or
544 families paying market-rate rents if the MHFA determines that such waiver will be in the interest
545 of furthering the purpose of this chapter. The MHFA and its successors and assigns also may
546 release a disposition agreement at any time if the MHFA determines that such release will
547 preserve affordable housing that would otherwise be converted to market rate housing or if it
548 otherwise finds that such release will further the specific purposes of this chapter.
549 Notwithstanding the foregoing, the provisions of this section shall not apply to mortgages
550 purchased by the MHFA from the United States or any agency thereof.

551 Section 6. (a) The MHFA may from time to time purchase, and contract and make
552 commitments to purchase new residential mortgages and notes, bonds or other obligations issued
553 by mortgage lenders, and make loans to mortgage lenders, for the purpose of financing new
554 residential mortgages for persons and families of low and moderate income, provided that such
555 persons or families are or intend to be owner-occupants and provided that in the case of a loan to
556 a mortgage lender, such mortgage lender secures such loan as to the payment of principal and
557 interest by a pledge of and lien upon collateral in such amounts and consisting of such
558 obligations and securities as the MHFA shall by resolution determine to be necessary to assure
559 payment of such loans and the interest thereon as the same become due.

560 (b) The MHFA shall from time to time adopt, modify, amend or repeal rules and
561 regulations governing the making, purchasing or financing of new residential mortgages,
562 including rules and regulations as to any or all of the following:

563 (1) procedures for the submission of requests or the invitation of proposals for the
564 making, purchasing or financing of new residential mortgages;

565 (2) standards and requirements as to allocations of loans or purchase commitments
566 among all or certain of the mortgage lenders or awards of loans or purchase commitments and
567 determining the amounts and interest rates thereof;

568 (3) limitations or restrictions as to the number of family units, location or other
569 qualifications or characteristics of residences to be financed by new residential mortgages;

570 (4) requirements as to purchase or loan commitments from MHFA to mortgage lenders
571 with respect to new residential mortgages;

572 (5) the terms and conditions of new residential mortgages including their principal
573 amount, loan to value ratio, rate or rates of interest and restrictions thereon and restrictions on the
574 return realized thereon by mortgage lenders;

575 (6) schedules of any fees and charges necessary to provide expenses and reserves of
576 MHFA;

577 (7) procedures and other standards for foreclosure and subsequent resale;

578 (8) the time within which mortgage lenders must make commitments and disbursements
579 for new residential mortgages; and

580 (9) any other matters related to the duties, and the exercise of the powers of the MHFA,
581 and other regulations and restrictions governing the selection of mortgagors and the making,
582 purchasing and financing of mortgage loans and security therefore as the MHFA shall deem
583 advisable to accomplish the purposes of this chapter.

584 Such rules and regulations shall be designed to effectuate the general purposes of this
585 chapter and the following specific objectives: (i) the expansion of the supply of funds in the
586 commonwealth available for new residential mortgages; (ii) the provision of the additional
587 housing needed to remedy the shortage of adequate housing in the commonwealth and to
588 eliminate the existence of a large number of substandard dwellings; and (iii) the effective
589 participation by mortgage lenders in the program authorized by this chapter and the restriction of
590 the financial return and benefit thereto from such program to that which is necessary and
591 reasonable to induce such participation.

592 (c) Loans to mortgage lenders shall be general obligations of the respective mortgage
593 lenders owing the same and shall bear such date or dates, shall mature at such time or times, shall
594 be evidenced by such note, bond or other certificate of indebtedness, shall be subject to
595 prepayment, and shall contain such other provisions as the MHFA shall by resolution determine.

596 (d) Notwithstanding any other provision of this section to the contrary, the interest rate or
597 rates and other terms borne by residential mortgage loans purchased by MHFA or loans to
598 mortgage lenders made from the proceeds of any issue of bonds of the MHFA shall be at least
599 sufficient so as to assure the payment of said bonds and the interest thereon as the same become
600 due.

601 (e) The MHFA shall require as a condition of each loan to a mortgage lender that such
602 mortgage lender shall, on or prior to the ninetieth day or such earlier day as shall be prescribed
603 by rules and regulations of the MHFA following the receipt of the loan proceeds, have entered
604 into written commitments to make, and shall thereafter proceed as promptly as practicable to
605 make and disburse from such loan proceeds new residential mortgages as defined in section 1 of

606 this chapter to low income persons and families or moderate income persons or families, such
607 mortgage loans to be an aggregate principal amount equal to the amount of such loan from the
608 MHFA.

609 (f) No new residential mortgage shall be purchased by MHFA unless the mortgage lender
610 who made the new residential mortgage certifies to MHFA that the residential building securing
611 such new residential mortgage is or will be owned and occupied by a person or family of low or
612 moderate income or the mortgage lender is obligated by the terms of such purchase to re-invest
613 the new proceeds thereof in new residential mortgages for persons or families of low or moderate
614 income in an aggregate principal amount substantially equal to the amount of such net proceeds.

615 (g) The MHFA shall from time to time adopt, modify, amend or repeal rules and
616 regulations governing the making of new residential mortgage loans for the purpose of
617 rehabilitation of dwellings of two or more units so as to afford protection to existing tenants.
618 Such rules and regulations shall be designed to effectuate the general purposes of this chapter
619 and the following specific objectives: (i) insuring that tenants residing in such dwellings have
620 income reasonably sufficient to pay any increase in rent resulting from such rehabilitation so that
621 residential mortgage loans made with MHFA loan funds minimize residential displacement,
622 unless the proceeds of such mortgage loans are to be used to alleviate conditions which violate
623 the state sanitary code or applicable building or housing codes or to carry out essential
624 maintenance; (ii) notification of tenants residing in such dwellings as to the repairs or
625 improvements to be undertaken with the proceeds of such mortgage loans and the estimated
626 increase in rent, if any, attributable to such repairs or improvements; and (iii) agreements
627 between borrowers and tenants residing in such dwelling which limit rent increases during such
628 reasonable periods as the MHFA may prescribe to those properly resulting from such mortgage

629 loans or those necessitated by increases in property taxes, operating or maintenance expenses or
630 additional capital improvement. Nothing in this chapter shall authorize a rent increase not
631 otherwise authorized by law.

632 (h) A district court or housing court within the jurisdiction in which a dwelling unit
633 affected by an action, regulation or order of MHFA under this section is located shall have
634 original jurisdiction over proceedings contesting such action, regulation or order and shall be
635 authorized to take such action with respect thereto as is provided in the case of the superior court
636 under the provisions of chapter 231A. All orders, judgments and decrees of such district court or
637 housing court may be appealed as is provided in the case of a civil action in such district court or
638 housing court.

639 (i) It shall be the policy of MHFA in making loans to mortgage lenders to consider the
640 ability of a mortgage lender to make loans consistent with the policies expressed in this chapter
641 from existing reserves held by such mortgage lender for the purpose of making loans. MHFA
642 shall require participating mortgage lenders to make periodic reports including but not limited to,
643 information on the geographic distribution, terms and type, as in first or second lien, of
644 mortgages made with proceeds of MHFA bonds, the distribution and terms of those mortgages
645 insured by the MHFA, and individual citation as to where and by how much rent levels have
646 been projected to increase by the mortgage lender and the borrower in the course of processing
647 the loan. Such information shall be published by the MHFA and submitted annually to the
648 general court and the department of housing and community development. In addition, the
649 MHFA may require as a condition to mortgage lenders that in any city or town with an approved
650 neighborhood preservation program proposed to MHFA by a city or town, an agreed upon dollar
651 volume of bonding authorization as a minimum commitment shall be located in priority areas set

652 forth in the neighborhood preservation program within an agreed upon time period, not greater
653 than 5 years; provided, however, that local community organizations such as community action
654 agencies or other recognized low income organizations shall be included in reviewing the
655 neighborhood preservation program.

656 (j) In proposing a neighborhood preservation program to the MHFA, a city or town,
657 acting through the local chief executive, shall submit, in a manner as may be required by the
658 MHFA, the following items:

659 (1) the degree of blight, decay or deterioration of housing accommodations, or the
660 imminent threat of such blight, decay or deterioration within the area;

661 (2) the degree to which conventional financing or refinancing of repairs, remodeling or
662 rehabilitation of such housing accommodation is available;

663 (3) the proportion of residential structures within the area which are owner-occupied;

664 (4) the degree to which the project income and the financial resources of owner-
665 occupants, where relevant, of the housing accommodations within the area provide reasonable
666 assurances of the economic feasibility of the financing of the repairs, remodeling or
667 rehabilitation to be insured hereunder and;

668 (5) the proportion of residential structures in the area where rehabilitation work can be
669 done with financing as provided herein, without necessitating a substantial increase in carrying
670 costs and rental charges to any owner-occupant or tenant beyond their capacity to absorb, and the
671 extent of suitable vacant housing in such an area.

672 Before giving approval of a neighborhood preservation program, the MHFA shall
673 consider the expressed commitment of a city or town to provide a concentrated effort to enforce
674 the building and housing codes within certain priority areas in such city or town, and the
675 expressed commitment of a city or town to provide capital improvements and other city services
676 to improve and restore such areas.

677 The MHFA may revoke its approval of a neighborhood preservation program if it
678 determines that a city or town in which an area for said program is located has failed to initiate
679 and continue tangible activity on such a program.

680 Before authorizing an applicant to proceed with a final application for a neighborhood
681 preservation program, the MHFA shall submit the preliminary application to the director of the
682 department of housing and community development for review. The director shall review the
683 appropriateness of the proposed program with regard to overall state and local growth and
684 housing policy. If the director does not disapprove the application within 30 days the application
685 shall be deemed to be approved for processing by the MHFA. In the event of a major change in
686 the proposed neighborhood preservation program, including but not limited to significant
687 changes in the proposed boundaries of the neighborhood area, the loan amount, or the state or
688 federal subsidies requested, after the initial review by the director, the MHFA shall submit each
689 proposed change to the director for his review. If the director does not disapprove the revision
690 within 30 days, the revised application shall be deemed to be approved for processing by the
691 MHFA.

692 (k) The MHFA shall require the submission, by each mortgage lender to which the
693 MHFA has made a loan, or from whom MHFA has purchased a new residential mortgage, of

694 evidence satisfactory to the MHFA of the making of new residential mortgages as required by
695 this section and prescribed by rules and regulations of the MHFA and in connection therewith
696 may inspect the books and records of such mortgage lender.

697 (l) The MHFA may require as a condition of any loans to mortgage lenders, or of any
698 purchase of new residential mortgages from mortgage lenders, such representations and
699 warranties as it shall determine to be necessary to secure such loans and carry out the purposes of
700 this chapter.

701 (m) Notwithstanding any provisions of chapter 268A, a present or former employee of
702 the commonwealth, or any political subdivision thereof, or of any state, county or municipal
703 agency as defined in said chapter 268A may be a mortgagor of a new residential mortgage
704 hereunder.

705 Section 7. (a) Without limiting the powers of the MHFA otherwise granted by this
706 chapter, the MHFA, or any subsidiary, subordinated, independent or affiliated entity thereto or
707 established thereby in accordance with this chapter, may, establish a program to insure new
708 residential mortgages and participations therein made or acquired by the MHFA under section 6
709 or made by mortgage lenders as a condition to the receipt of a loan from the MHFA under said
710 section 6 and also to insure conventional mortgage loans to resident owners made for purposes of
711 acquisition, construction and rehabilitation of owner-occupied residential housing for persons
712 and families of low and moderate income.

713 (b) Such sums as may be appropriated or otherwise acquired or received by the MHFA
714 may be used for the purpose of establishing a Mortgage Insurance Fund administered by the
715 MHFA or otherwise held and applied as security for or in payment of the MHFA's insurance

716 obligations under this section. Such sums, to the extent necessary, may be applied to the payment
717 of (i) claims made by mortgage lenders who have made new residential mortgages as a condition
718 to the receipt of a loan from the MHFA under section 6 and which new residential mortgages are
719 in default, (ii) claims made by lenders of conventional mortgage loans, in default, made to
720 resident owners for purposes of acquisition, construction and rehabilitation of owner-occupied
721 residential housing for persons and families of low and moderate income, and (iii) new
722 residential mortgages heretofore or hereafter made or acquired by the MHFA under section 6.
723 MHFA's insurance obligations under this section may be reinsured with such agencies or
724 instrumentalities of the commonwealth or the United States or with foreign insurance companies
725 qualified to do business in the commonwealth as MHFA shall select. Claims shall be made
726 against the mortgage insurance fund in accordance with procedures established by MHFA.
727 Pursuant to this section, and to rules and regulations adopted by it, MHFA may have at any time
728 a total amount of net insurance risk outstanding not in excess of the amount contained in the fund
729 multiplied by 30. At such times as premiums and other sources of income to the fund provide
730 adequate protection against potential losses, MHFA shall, to the extent it deems it prudent, return
731 to the General Fund of the commonwealth from the Mortgage Insurance Fund all or a portion of
732 such funds as may have been appropriated to such fund by the commonwealth.

733 Section 8. The MHFA may, subject to appropriation by the general court or funds made
734 available from any other public or private source, and pursuant to rules and regulations adopted
735 by it, contract with nonprofit organizations incorporated under the laws of the commonwealth or
736 qualified public agencies for technical assistance to potential borrowers from such mortgage
737 lenders, including without limitation the following services:

738 (1) consultation as to the nature, extent and manner of new construction, or the repair,
739 remodeling or rehabilitation financed hereunder and consultation regarding the nature, extent and
740 manner of repairs required to ensure that the dwelling structure shall not contain a substantial
741 violation of the housing or building codes after such work is completed;

742 (2) consultation regarding the laws, rules, regulations and codes regulating the nature,
743 extent and manner of undertaking such work;

744 (3) consultation as to the contractors, subcontractors, individuals, or other entities to
745 perform such work;

746 (4) consultation as to the proper manner, mode and method of financing such work;

747 (5) consultation regarding the manner, method or mode by which such borrowers may
748 undertake all or any portion of the work themselves;

749 (6) consultation regarding the progress of the work, including technical assistance
750 regarding the quality of such work;

751 (7) consultation regarding debt consolidation, debt management and money management
752 to ensure the stability and repayment of any mortgage insured hereunder;

753 (8) consultation regarding ongoing management of the premises.

754 Section 9. (a) The MHFA may make, or contract to make, loans to mortgage lenders for
755 multi-family housing projects at such interest rates, terms and conditions as it shall determine
756 pursuant to rules or regulations adopted by it. The MHFA shall require that the proceeds of its
757 loans to mortgage lenders or an equivalent amount shall be used by such mortgage lenders to
758 make mortgage loans with respect to housing projects containing 2 or more dwelling units which

759 meet the requirements of section 5 located with the commonwealth, subject to such terms and
760 conditions as the MHFA may prescribe.

761 (b) The MHFA shall require that each mortgage lender which is the recipient of a loan
762 pursuant to this section shall issue and deliver to the MHFA an evidence of its indebtedness to
763 the MHFA, which shall constitute a general obligation of such mortgage lender and shall bear
764 such date or dates, shall mature at such time or times, shall be subject to such prepayment, and
765 shall contain such other provisions consistent with this section as the MHFA shall determine.

766 (c) Notwithstanding any other provisions of this section to the contrary, the interest rate
767 or rates and other terms of such loans to mortgage lenders made from the proceeds of any issue
768 of bonds of the MHFA shall be at least sufficient to assure the payment of said bonds and the
769 interest thereon as the bonds become due.

770 (d) The MHFA may require that loans made to mortgage lenders pursuant to this section
771 be additionally secured as to payment of both principal and interest by a pledge of collateral
772 security in such amounts and consisting of such obligations, securities or mortgages as the
773 MHFA shall determine to be necessary to assure the payment of such loans and the interest
774 thereon as the same become due.

775 (e) The MHFA may require that any collateral for loans to mortgage lenders be deposited
776 with a bank, trust company or other financial institution acceptable to the MHFA located either
777 within or outside the commonwealth as designated by the MHFA. In the absence of such
778 requirement a mortgage lender that is the recipient of a loan from the MHFA shall enter into an
779 agreement with the MHFA containing such provisions as the MHFA shall deem necessary or
780 desirable to adequately identify and maintain such collateral, if any, to service such collateral,

781 and to require that such mortgage lender shall hold such collateral as agent for the MHFA and
782 shall be accountable to the MHFA as the trustee of an express trust for the application and
783 disposition thereof and the income therefrom solely to the uses and purposes in accordance with
784 the provisions of such agreement. A copy of each agreement and any revisions or supplements
785 thereto shall be filed with the state secretary and no further filing or other action under chapter
786 106 or any other law of the commonwealth shall be required to perfect the security interest of the
787 MHFA in the collateral, if any, or any additions thereto or substitutions thereof. The lien and
788 trust so created for the benefit of the MHFA shall be binding from and after the time made or
789 against all parties having claims of any kind in tort, contract, or otherwise against the mortgage
790 lender. The MHFA may also establish such additional requirements as it shall deem necessary
791 with respect to the pledging, assigning, setting aside or holding of such collateral and the making
792 of substitutions therefor or additions thereto and the disposition of income and receipts
793 therefrom.

794 (f) The MHFA shall require mortgage lenders that are the recipients of loans from the
795 MHFA to submit evidence satisfactory to the MHFA that the mortgage lender has used the
796 proceeds of such loans by the MHFA, or any equivalent amount, to make mortgage loans with
797 respect to housing projects and that the mortgage lender has complied with the terms and
798 conditions of such loans as prescribed by the MHFA. In connection therewith, the MHFA,
799 through its employees or agents, may inspect the books and records of such mortgage lender.

800 (g) The MHFA may require as a condition of any loans to mortgage lenders such
801 representations and warranties as it shall determine to be necessary or desirable to service such
802 loans and implement the provisions of this section.

803 (h) Subject to the rights of holders of bonds of the MHFA, the MHFA may collect,
804 enforce the collection of, and foreclose on any collateral securing its loans to mortgage lenders
805 and acquire or take possession of such collateral and sell the same at private or public sale, with
806 or without public bidding, and otherwise deal with such collateral as may be necessary to protect
807 the interest of the MHFA therein.

808 (i) To the extent that any provisions of this section may be inconsistent with any
809 provision of the law of the commonwealth governing mortgage lenders, the provisions of this
810 section shall control.

811 Section 10. (a) The MHFA shall, pursuant to regulations adopted by it, make the
812 following rental determinations for each housing unit located in a project to which MHFA has
813 made or financed a mortgage loan hereunder: (1) the market rate rental, which is the rental which
814 would be appropriate if the project had been originally financed at then current market interest
815 rates; (2) the below-market rate rental, which is the market rate rental adjusted for the extent to
816 which the applicable MHFA loan interest rate is below such then current interest rates; and (3)
817 adjusted rental, which is the below market rate rental, further adjusted downward so that such
818 adjusted rental, including the provision of heat, electricity and hot water, will be affordable by
819 low-income persons and families without such persons and families having to expend more than
820 30 per cent of the maximum income amount which would make them eligible for units owned or
821 leased by the housing authority in the city or town in which the development or the residence is
822 located or, in the event that there is no housing authority, no more than 30 per cent of that
823 amount which is established as the maximum for eligibility for low-rent units by the department
824 of housing and community development. In the event, however, that housing is provided under
825 an affordable housing program of an agency of the United States government, or the

826 commonwealth or any agency thereof, the adjusted rental may exceed 30 per cent of the income
827 limits set forth above, provided it shall not exceed the maximum percentage allowed by the
828 applicable laws, regulations, or guidelines of such affordable housing program. Such rentals
829 determination may be reviewed and adjusted by MHFA from time to time.

830 (b) Subject only to the rights of FHA, if any, the rents to be charged for housing units
831 which receive loans hereunder shall be approved by the MHFA. In each project financed under
832 this act, not less than 20 per cent of the units in the project shall be rented at all times to low
833 income persons or families at the adjusted rental. Up to an additional 5 per cent of the units in
834 each project shall be rented to low or moderate income persons or families if (1) the MHFA
835 determines the additional low or moderate income units are needed in the area in which the
836 project is located; and (2) state or federal housing subsidy funds are available to the MHFA to
837 pay to the mortgagor the difference between the rental paid by such persons or families, which in
838 the case of low-income persons and families shall not exceed the adjusted rental, and the below
839 market rental for each additional unit rented to such low or moderate income persons or families.
840 The remaining units not made available to low-income persons or families shall be made
841 available at rents sufficiently high as determined by MHFA to achieve and maintain a fiscally
842 sound project, provided, in each project which is not located in a housing development area, such
843 units not made available to low or moderate income persons or families shall be made available
844 at rentals at least equal to the rental charged for similar units in the market area, as determined by
845 MHFA so that any benefit to the tenants who are not low and moderate income persons or
846 families derived from the assistance provided to sponsors of projects will be at most incidental to
847 and no greater than is necessary for achieving proper housing for low and moderate income
848 persons and families. Such determination shall be reviewed by MHFA from time to time, but not

849 less often than once every 2 years and may be adjusted if necessary, by MHFA from time to
850 time.

851 (c) All rentals received by the mortgagor in excess of the below-market rental established
852 for each unit shall be applied, pursuant to such regulations as MHFA shall make and publish
853 from time to time and subject to any applicable requirements of FHA or any other public agency
854 providing rental assistance, supplement, subsidy or other similar payments, to reduce rentals so
855 as to make units more available to low-income persons and families.

856 Section 11. Prior to making a loan commitment under this act, the MHFA shall approve
857 a tenant selection plan submitted by the applicant for such a loan. The MHFA shall publish
858 regulations from time to time governing the terms of such tenant selection plans. Such plans shall
859 include criteria for tenant selection which establish income limits for eligible tenants which may
860 vary with the size and circumstances of the persons or family. Tenant selection plans provide that
861 as between applicants equally in need and eligible for occupancy of the unit, preference shall be
862 given to persons displaced by public action or natural disaster, pursuant to such regulations as the
863 department of housing and community development may formulate. Tenant selection plans shall
864 also provide with respect to apartment units designated for rent at the adjusted rental that the
865 housing authority in the city or town in which the project is located, or such other agency as the
866 department of housing and community development may from time to time designate, shall have
867 the rights to designate tenants, who are otherwise eligible, for such units as they become
868 available, either in the initial renting of the projects or as vacancies thereafter occur.

869 Section 12. (a) The MHFA shall have power and is hereby authorized from time to time
870 to issue its negotiable bonds and notes in such principal amount as, in the opinion of the MHFA,

871 shall be necessary to provide sufficient funds for achieving its corporate purposes, including the
872 making or financing of mortgage loans, the payment of interest on bonds and notes of the
873 agency, establishment of reserves to secure such bonds and notes and all other expenditures of
874 the MHFA incident to and necessary or convenient to carry out its corporate purposes and
875 powers. The MHFA shall have power, from time to time, to issue renewal notes, to issue bonds
876 to pay notes and whenever it deems refunding expedient to refund any bonds by the issuance of
877 new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds
878 partly to refund bonds then outstanding and partly for any other purpose. The refunding bonds
879 shall be sold and the proceeds applied to the purchase, redemption or payment of the bonds to be
880 refunded. The notes and bonds issued pursuant to the provisions of this act may be issued in the
881 discretion of the MHFA with such terms as will cause the interest thereon to be subject to federal
882 income taxation.

883 (b) The notes and bonds shall be authorized by resolution of the members, shall bear such
884 date or dates, and shall mature at such time or times, in the case of any such note, or any
885 renewals thereof, not exceeding 6 years from the date of issue of such original note, and in the
886 case of any such bond not exceeding 50 years from the date of issue, as such resolution or
887 resolutions may provide. The notes and bonds shall bear interest at such rate or rates, be in such
888 denominations, be in such form, either coupon or registered, carry such registration privileges,
889 contain such terms and provisions relating to, but not limited to, pledges of the MHFA's assets,
890 setting aside of reserves, limitations on additional notes and bonds, and such other matters as
891 may affect the security or protection of the notes and bonds, be executed in such manner, be
892 payable in such medium of payment, at such place or places and be subject to such terms of
893 redemption as such resolution or resolutions may provide. The notes and bonds of the MHFA

894 may be sold at public or private sale, at such price or prices as the MHFA shall determine. The
895 principal of and interest on any bonds or notes issued by the MHFA may be secured by the full
896 faith and credit of the MHFA, by a pledge of any revenues and receipts of the MHFA, by a
897 mortgage or other instrument covering all or any part of any and all projects, including any
898 additions, improvements, extensions to or enlargements of any projects thereafter made, or by
899 any one or more of the foregoing, all as the MHFA may determine in the resolution authorizing
900 the issue of such bonds or notes. No notes or bonds of the MHFA shall be sold by the MHFA at
901 private sale, however, unless such sale and the terms thereof have been approved by the treasurer
902 and receiver-general. The aggregate principal amount of notes and bonds of the MHFA issued to
903 make mortgage loans pursuant to section 5 and to make or purchase loans pursuant to section 6,
904 outstanding at any 1 time, shall not exceed the sum of \$4,900,000,000, of which \$150,000,000
905 shall be used only to make mortgage loans pursuant to said section 5 in cities and towns which
906 have been found to have a rate of unemployment of at least 6 per cent in the issue of “Area
907 Trends in Employment and Unemployment” published by the United States Department of Labor
908 for the October preceding the making of any such loan. For purposes of the preceding sentence,
909 the aggregate principal amount of notes and bonds of the MHFA outstanding at any time shall
910 equal the aggregate principal amount of notes and bonds of the MHFA issued and unpaid less:
911 (A) an amount equal to the aggregate principal amount of notes issued to fund construction loans
912 with respect to which the United States government or an agency of the United States
913 government is committed to insure or approve construction advances in an amount in excess of
914 90 per cent of the mortgage amount and with respect to which a person other than the MHFA has
915 agreed to provide permanent financing; and (B) an amount equal to monies irrevocably escrowed
916 in trust exclusively for the payment of the principal of either notes or bonds, provided that either:

917 (i) other monies so escrowed are sufficient to pay when due the interest to accrue on such notes
918 or bonds or (ii) such monies have been invested in investments permitted under the resolution of
919 the MHFA authorizing the issuance of such notes or bonds in such manner that the income
920 thereon will be sufficient to pay when due the interest to accrue on such notes or bonds prior to
921 the time the principal of such notes or bonds shall mature. At any time after December 31, 1977,
922 the MHFA shall not be authorized to issue notes other than: (i) notes issued to refund notes
923 previously issued, (ii) notes issued to fund mortgage loan increases for projects for which notes
924 have previously been issued and (iii) notes issued to fund construction loans with respect to
925 which a person other than the MHFA has agreed to provide permanent financing, if after such
926 issuance the aggregate principal amount of all notes, other than notes described in clauses (ii)
927 and (iii) of this sentence, then outstanding shall exceed 25 per cent of the aggregate principal
928 amount of all bonds of the MHFA then outstanding. For purposes of the preceding sentence, the
929 aggregate principal amount of all such notes outstanding at any time shall equal the aggregate
930 principal amount of such notes issued and unpaid less an amount equal to monies irrevocably
931 escrowed in trust exclusively for the payment of the principal of such notes, provided that either
932 (i) other monies so escrowed are sufficient to pay when due the interest to accrue on such notes
933 or (ii) such monies have been invested in investments permitted under the resolution of the
934 MHFA authorizing the issuance of such notes in such manner that the income thereon will be
935 sufficient to pay when due the interest to accrue on such notes.

936 (c) Neither the members of the MHFA nor any person executing the notes or bonds shall
937 be liable personally on the notes or bonds or be subject to any personal liability or accountability
938 by reason of the issuance thereof.

939 (d) The MHFA, subject to such agreement with noteholders or bondholders as may then
940 exist, shall have power out of any funds available therefor to purchase its notes or bonds, which
941 shall thereupon be cancelled, at a price not exceeding: (1) if the notes or bonds are then
942 redeemable, the redemption price then applicable plus accrued interest to the next interest
943 payment date thereupon, or (2) if the notes or bonds are not then redeemable, the redemption
944 price applicable on the first date after such purchase upon which the notes or bonds become
945 subject to redemption plus accrued interest to such date.

946 (e) Notwithstanding any general or special law to the contrary, and except as otherwise
947 provided in the applicable resolution or other instrument: (1) any pledge made by the MHFA in
948 any resolution or other instrument authorizing notes or bonds, or securing the same, shall be
949 valid and binding from the time specified in such resolution or instrument; (2) any such pledge
950 by MHFA of its rights to receive payments of any kind from or for the account of mortgagors
951 under mortgages, participations therein, or subsidy, guarantee, insurance or other contracts
952 relating thereto, and of its revenues or other property, and of the mortgages, notes, such
953 participations, such subsidy, guarantee, insurance or other contracts or other collateral, and of the
954 proceeds of any or all thereof, shall be valid and binding and shall be deemed continuously
955 perfected for the purposes of chapter 106 from the time the pledge is made; (3) any such pledge
956 shall be effective as to all such rights and other pledged property whether then existing or
957 thereafter coming into existence, whether then held or thereafter acquired by MHFA, and
958 whether or not segregated or held in trust by MHFA; (4) the rights, revenues, mortgages, notes,
959 participations, contracts, collateral, other property and proceeds so pledged shall immediately be
960 subject to the lien of such pledge without any physical delivery or segregation thereof or further
961 act; (5) the lien of such pledge shall be valid and binding as against all parties having claims of

962 any kind in tort, contract or otherwise against MHFA, irrespective of whether such parties have
963 notice thereof, and (6) the resolution or other instrument by which a pledge is created need not be
964 filed or recorded except in the records of the MHFA, and no filing need be made under said
965 chapter 106.

966 Section 13. Bonds and notes issued under the provisions of this chapter shall not be
967 deemed to constitute a debt of the commonwealth or any political subdivision thereof or a pledge
968 of the faith and credit of the commonwealth or any political subdivision thereof and shall be
969 payable solely from the proceeds of mortgage loans made under this chapter, reserve funds
970 created therefor by the MHFA, and any mortgage insurance contracts pertaining thereto. All such
971 bonds and notes shall contain on the face thereof a statement to the effect that neither the MHFA
972 nor the commonwealth nor any political subdivision thereof shall be obligated to pay the same or
973 the interest thereon except from such proceeds, reserve funds or mortgage insurance contracts
974 and that neither the faith and credit nor the taxing power of the commonwealth or any political
975 subdivision thereof is pledged to the payment of the principal of or the interest on such bonds
976 and notes.

977 Section 14. (a) MHFA shall establish a Working Capital Fund, and shall pay into such
978 fund any monies appropriated and made available by the commonwealth for the purposes of such
979 fund, and any other monies which may be available to the MHFA for its general purposes from
980 any source or sources other than proceeds from the issuance and sale of notes or bonds by the
981 MHFA.

982 All monies held in the Working Capital Fund, including without limitation any income or
983 interest earned by, or increment to such fund, shall be used by the MHFA for its general

984 purposes, and to the extent authorized by the MHFA, any such monies in excess of the amount
985 required to make and keep MHFA self-supporting shall be made available for the purposes of a
986 Capital Reserve Fund.

987 (b) To provide for the organizational and administrative over-head incident to the
988 inception and early operations of the MHFA, the sum of \$300,000 is hereby appropriated from
989 the General Fund and made available to the MHFA for the purposes of the Working Capital
990 Fund, which sum shall be paid to the MHFA and which sum the MHFA shall repay the
991 commonwealth in 10 annual installments beginning with the commencement of the sixth full
992 year after the receipt of such funds.

993 Section 15. (a) The MHFA may establish 1 or more special funds, herein individually
994 referred to as a Capital Reserve Fund, and to the extent so created, shall pay into each such
995 Capital Reserve Fund any monies appropriated and made available by the commonwealth for the
996 purposes of such fund, any proceeds of sale of notes or bonds to the extent provided in the
997 resolution of the MHFA authorizing issuance thereof, and any other monies which may be
998 available to the MHFA for the purpose of such fund from any other source or sources. All
999 monies held in a Capital Reserve Fund, except as hereinafter provided, shall be used solely for
1000 the payment of the principal of bonds of the MHFA which are secured by such Capital Reserve
1001 Fund as the same mature, the purchase of such bonds, the payment of interest on such bonds, or
1002 the payment of any redemption premium required to be paid when such bonds are redeemed
1003 prior to maturity; provided, however, that, monies in a Capital Reserve Fund shall not be
1004 withdrawn therefrom at any time in such amount as would reduce the amount of such fund to
1005 less than the maximum amount of principal and interest maturing and becoming due in any
1006 succeeding calendar year on outstanding bonds which are secured by such Capital Reserve Fund,

1007 except for the purpose of paying the principal of and interest on such bonds maturing and
1008 becoming due and for the payment of which other monies of the MHFA are not available. Any
1009 income or interest earned by, or increment to, a Capital Reserve Fund due to the investment
1010 thereof shall be used by the MHFA for the purposes of such Capital Reserve Fund.

1011 (b) The MHFA shall not issue bonds which are secured by a Capital Reserve Fund at any
1012 time if the maximum amount of principal and interest maturing or becoming due in a succeeding
1013 calendar year on such bonds then to be issued and on all other outstanding bonds of the MHFA
1014 which are secured by such Capital Reserve Fund will exceed the amount of such Capital Reserve
1015 Fund at the time of issuance unless the MHFA, at the time of issuance of such bonds, shall
1016 deposit in such fund from the proceeds of the bonds so to be issued, or otherwise, an amount
1017 which, together with the amount then in such Fund, will be not less than the maximum amount of
1018 principal and interest maturing and becoming due in any succeeding calendar year on such bonds
1019 then to be issued and on all other outstanding bonds of the MHFA which are secured by such
1020 Capital Reserve Fund.

1021 (c) To assure the continued operation and solvency of the MHFA for the carrying out of
1022 the public purposes of this chapter, provision is made in subsection (a) for the accumulation in a
1023 Capital Reserve Fund of an amount equal to the maximum amount of principal and interest
1024 maturing and becoming due in any succeeding calendar year on all outstanding bonds which are
1025 secured by such Capital Reserve Fund. In order further to assure such maintenance of a Capital
1026 Reserve Fund there shall be annually appropriated and paid to the MHFA for deposit in such
1027 Capital Reserve Fund such sum, if any, as shall be certified by the chairman of the MHFA to the
1028 governor as necessary to restore such Capital Reserve Fund to an amount equal to the maximum
1029 amount of principal and interest maturing and becoming due in any succeeding calendar year on

1030 the outstanding bonds which are secured by such Capital Reserve Fund. The chairman of the
1031 MHFA shall annually, on or before December first, make and deliver to the governor his
1032 certificate stating the amount, if any, required to restore a Capital Reserve Fund to the amount
1033 aforesaid and the amount so stated, if any, shall be appropriated and paid to the MHFA during
1034 the then current fiscal year of the commonwealth. Such amount, if any, shall be repaid to the
1035 commonwealth as soon as possible by the MHFA from monies in the Working Capital Fund in
1036 excess of the amount required to make and keep MHFA self-supporting.

1037 (d) In computing the amount of a Capital Reserve Fund for the purposes of this section,
1038 securities in which all or a portion of such Fund are invested shall be valued at par, or if
1039 purchased at less than par, at their cost to the MHFA.

1040 Section 16. (a) Notwithstanding anything to the contrary, as security for the payment of
1041 bonds issued for the purpose of carrying out the provisions of section 6, the MHFA may create
1042 and establish 1 or more special funds, herein individually referred to as a Capital Reserve Fund,
1043 and to the extent so created, shall pay into each such Capital Reserve Fund any monies
1044 appropriated and made available by the commonwealth for the purposes of such fund, any
1045 proceeds of sale of notes or bonds to the extent provided in the resolution of the MHFA
1046 authorizing issuance thereof, and any other monies which may be available to the MHFA for the
1047 purpose of such fund from any other source or sources. All monies held in a Capital Reserve
1048 Fund pursuant to this section, except as hereinafter provided, shall be used solely for the
1049 payment of the principal of bonds of the MHFA which are secured by such Capital Reserve Fund
1050 as the same become payable, the purchase of such bonds, the payment of interest on such bonds,
1051 or the payment of any redemption premium required to be paid when such bonds are redeemed
1052 prior to maturity; provided, however, that monies in a Capital Reserve Fund shall not be

1053 withdrawn therefrom at any time in such amount as would reduce the amount of such fund to
1054 less than the minimum requirement thereof established by resolution of the MHFA except for the
1055 purpose of paying the principal of and interest and premium on bonds secured by such fund
1056 becoming due and for the payment of which other monies of the MHFA are not available.

1057 (b) The MHFA shall not at any time issue bonds secured by a Capital Reserve Fund if
1058 following the issuance of such bonds the amount of the Capital Reserve Fund shall be less than
1059 the minimum requirement thereof established by the resolution of the MHFA providing for the
1060 issuance of bonds secured by such fund unless the MHFA, at the time of issuance of such bonds,
1061 shall deposit in such fund from the proceeds of the bonds so to be issued, or otherwise, an
1062 amount which, together with the amount then in such fund, will not be less than the minimum
1063 requirement; provided that at no time shall the minimum requirement of a Capital Reserve Fund
1064 be established by the MHFA at an amount less than one-quarter of the maximum amount of
1065 interest becoming due in the current or any succeeding fiscal year of the MHFA or at an amount
1066 greater than the maximum amount of principal and interest becoming due in the current or any
1067 succeeding fiscal year of MHFA on all outstanding bonds which are secured by such Capital
1068 Reserve Fund. Notwithstanding anything herein to the contrary, the MHFA shall not at any time
1069 issue bonds secured by a Capital Reserve Fund as provided in this section without the prior
1070 approval of the governor or his designee, after consultation with the finance advisory board.

1071 (c) In order to assure the maintenance of a Capital Reserve Fund at the minimum
1072 requirement thereof established by resolution of the MHFA, there shall be annually appropriated
1073 and paid to the MHFA for deposit in such Capital Reserve Fund such sum, if any, as shall be
1074 certified by the chairman of the MHFA to the governor as necessary to restore such Capital
1075 Reserve Fund to such minimum requirement. The chairperson of the MHFA shall annually, on or

1076 before December first, make and deliver to the governor the chairperson's certificate stating the
1077 amount, if any, required to restore a Capital Reserve Fund to the amount aforesaid and the
1078 amount so stated, if any, shall be appropriated and paid to the MHFA during the then current
1079 fiscal year of the commonwealth. Such amount, if any, shall be repaid as soon as possible by the
1080 MHFA from monies in excess of the amount required to make and keep MHFA self-supporting.

1081 (d) For purposes of this section, the term "outstanding bonds" shall exclude bonds for the
1082 payment or redemption of which refunding bonds have been issued pursuant to section 12.

1083 Section 17. (a) In the discretion of the MHFA bonds and notes issued by it shall be
1084 secured by a trust agreement by and between the MHFA and a trustee, which may be any trust
1085 company or bank doing business within the commonwealth having the powers of a trust
1086 company. Either the resolution providing for the issuance of bonds and notes or such trust
1087 agreement may contain such provisions for protecting and enforcing the rights and remedies of
1088 the bondholders as may be reasonable and proper and not in violation of law, including
1089 covenants setting forth the duties of the MHFA in relation to the custody, safeguarding and
1090 application of all moneys.

1091 (b) It shall be lawful for any bank or trust company doing business within the
1092 commonwealth to act as depository of the proceeds of bonds and notes or of revenues and to
1093 furnish such indemnifying bonds or to pledge such securities as may be required by the MHFA.
1094 Such trust agreement may set forth the rights and remedies of the bondholders and noteholders
1095 and of the trustee, and may restrict the individual right of action by bondholders and noteholders.
1096 In addition to the foregoing, such trust agreement may contain such other provision as the
1097 MHFA may deem reasonable and proper for the security of the bondholders and noteholders. All

1098 expenses incurred in carrying out the provisions of such trust agreement may be treated as a part
1099 of the cost of the operation of the MHFA.

1100 Section 18. (a) To assist the MHFA in the discharge of its duties, the governor shall
1101 appoint from among interested citizens of the commonwealth an advisory committee of 15
1102 persons, including persons with experience or training in urban renewal, building, social work,
1103 mortgage financing, the municipal bond market, architecture, land use planning, and municipal
1104 government. It shall be the role of the advisory committee to assist the MHFA and its staff in
1105 formulating policies and procedures dealing with site selection, tenant selection, rent levels,
1106 design objectives, and such other questions relevant to the MHFA's underlying goal of providing
1107 housing for low income families and attaining balanced, attractive communities.

1108 (b) Members of the advisory committee shall receive no compensation. They shall not be
1109 subject to the provisions of chapter 31 or chapter 268A.

1110 Section 19. The creation of the MHFA is in all respects for the benefit of the people of
1111 the commonwealth and for the improvement of their health, safety, welfare, comfort and
1112 security, and its purposes are public purposes and the MHFA will be performing an essential
1113 governmental function. The commonwealth covenants with the purchasers and all subsequent
1114 holders and transferees of the notes and bonds issued by the MHFA, in consideration of the
1115 acceptance of any payment for the notes and bonds, that the notes and bonds of the MHFA,
1116 issued pursuant to this act and the income therefrom shall at all times be free from taxation.

1117 Section 20. Bonds and notes issued under the provisions of this chapter are hereby made
1118 securities in which all public officers and public bodies of the commonwealth and its political
1119 subdivisions, all insurance companies, trust companies in their commercial departments and

1120 within the limits set by section 14 of chapter 167E, savings banks, co-operative banks, banking
1121 associations, investment companies, executors, trustees and other fiduciaries, and all other
1122 persons whatsoever who are now or may hereafter be authorized to invest in bonds or other
1123 obligations of the commonwealth may properly and legally invest funds, including capital in
1124 their control or belonging to them. Such bonds and notes are hereby made securities which may
1125 properly and legally be deposited with and received by any state or municipal officer or any
1126 agency or political subdivision of the commonwealth for any purpose for which the deposit of
1127 bonds or other obligations of the commonwealth now or may hereafter be authorized by law.
1128 Notwithstanding any general or special law to the contrary, all mortgage lenders may properly
1129 and legally invest funds, including capital in their control or belonging to them, in new
1130 residential mortgages and interests therein and other securities or obligations held by or for the
1131 account of the MHFA under this chapter, and may participate with the MHFA in making or
1132 acquiring new residential mortgages or jointly owned interests in new residential mortgages with
1133 the MHFA, and may otherwise transact business with the MHFA as contemplated herein.

1134 Section 21. In addition to its other powers and to the extent of appropriations or grants or
1135 other financial aid directed to the purpose, the MHFA may operate an interest subsidy program.
1136 Such program shall, pursuant to regulations adopted by the MHFA, provide, on behalf of the low
1137 and moderate income persons and families living in projects financed under this act, a subsidy to
1138 be applied towards rent payments not to exceed the difference between that portion of the rental
1139 of such units which is attributable to the mortgagor's interest payments and the amount which
1140 would have been attributable if the interest rate for the financing of the project were 1 per cent
1141 per annum.

1142 Section 22. MHFA shall establish a Resident Ownership Fund, and shall pay into such
1143 fund any monies appropriated and made available by the commonwealth and any grants or
1144 financial aids received from others for the purposes of such fund. All monies held in the fund
1145 shall be used solely to assist low-income families or persons to own homes or cooperative
1146 housing shares or condominium units the purchase and rehabilitation of which are financed
1147 under this chapter by providing, as designated by appropriation, (a) a subsidy to such families or
1148 persons not to exceed the difference between the amount required annually to pay interest and
1149 debt service, real property taxes, fire insurance, reasonable management costs and reasonable
1150 maintenance costs on such a home share, or unit, and 25 per cent of such family or person's
1151 annual income, (b) mortgage funds on an interim basis prior to the issuance of refunding notes or
1152 bonds therefor for mortgage loans made by the MHFA pursuant to the authority granted it in
1153 clause (s) of section 4, or (c) special advice and assistance to such families and persons.

1154 Section 23. The MHFA shall annually submit to the governor, the chairman of the senate
1155 ways and means committee, the chairman of the house ways and means committee, the
1156 commissioner of administration and finance, and the comptroller within 90 days after the end of
1157 its fiscal year, a complete and detailed report setting forth: (a) its operations and
1158 accomplishments; (b) its receipts and expenditures during such fiscal year in accordance with the
1159 categories and classifications established by the MHFA for its operating and capital outlay
1160 purposes; (c) its assets and liabilities at the end of its fiscal year, including a schedule of its
1161 mortgage loans and commitments and the status of reserve, special, or other funds, and (d) a
1162 schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement
1163 of the amounts redeemed and incurred during such fiscal year.

1164 Section 24. The books and records of the MHFA shall be subject to an annual audit by
1165 the auditor of the commonwealth.

1166 Section 25.(a) The MHFA shall be liable on all claims made as a result of the activities,
1167 whether ministerial or discretionary, of any member, officer, or employee of the MHFA acting as
1168 such, except for willful dishonesty or intentional violation of the law, in the same manner and to
1169 the same extent as a private person under like circumstances; provided, however, that the MHFA
1170 shall not be liable to levy of execution on any real or personal property to satisfy judgment, for
1171 interest prior to judgment, for punitive damages or for any amount in excess of \$100,000.

1172 (b) No person shall be liable to the commonwealth, to the MHFA or to any other person
1173 as a result of his or her activities, whether ministerial or discretionary, as a member, officer or
1174 employee of the MHFA except for willful dishonesty or intentional violation of the law;
1175 provided, however, that such person shall provide reasonable cooperation to the MHFA in the
1176 defense of any claim. Failure of such person to provide reasonable cooperation shall cause him to
1177 be jointly liable with the MHFA, to the extent that such failure prejudiced the defense of the
1178 action.

1179 (c) The MHFA may indemnify or reimburse any person, or his personal representative,
1180 for losses or expenses, including legal fees and costs, arising from any claim, action, proceeding,
1181 award, compromise, settlement or judgment resulting from such person's activities, whether
1182 ministerial or discretionary, as a member, officer, or employee of the MHFA; provided, that the
1183 defense or settlement thereof shall have been made by counsel approved by the MHFA. The
1184 MHFA may procure insurance for itself and for its members, officers and employees against
1185 liabilities, losses and expenses which may be incurred by virtue of this section or otherwise.

1186 (d) No civil action hereunder shall be brought more than 3 years after the date upon
1187 which the cause thereof accrued.

1188 SECTION 5. Chapter 708 of the acts of 1966 is hereby repealed.

1189 SECTION 6. Chapter 671 of the acts of 1968 is hereby repealed.

1190 SECTION 7. Chapter 709 of the acts of 1968 is hereby repealed.

1191 SECTION 8. Section 21 of chapter 761 of the acts of 1968 is hereby repealed.

1192 SECTION 9. Chapters 855 and 856 of the acts of 1970 are hereby repealed.

1193 SECTION 10. Chapter 971 of the acts of 1971 is hereby repealed.

1194 SECTION 11. Chapter 1030 of the acts of 1971 is hereby repealed.

1195 SECTION 12. Chapter 521 of the acts of 1972 is hereby repealed.

1196 SECTION 13. Chapter 807 of the acts of 1973 is hereby repealed.

1197 SECTION 14. Chapter 1003 of the acts of 1973 is hereby repealed.

1198 SECTION 15. Sections 16, 17 and 18 of chapter 1215 of the acts of 1973 are hereby

1199 repealed.

1200 SECTION 16. Section 1 of chapter 689 of the acts of 1974 is hereby repealed.

1201 SECTION 17. Section 32 of chapter 163 of the acts of 1975 is hereby repealed.

1202 SECTION 18. Chapter 517 of the acts of 1975 is hereby repealed.

1203 SECTION 19. Chapter 598 of the acts of 1975 is hereby repealed.

- 1204 SECTION 20. Chapter 643 of the acts of 1975 is hereby repealed.
- 1205 SECTION 21. Chapter 825 of the acts of 1975 is hereby repealed.
- 1206 SECTION 22. Section 14 chapter 4 of the acts of 1976 is hereby repealed.
- 1207 SECTION 23. Section 17 chapter 4 of the acts of 1976 is hereby repealed.
- 1208 SECTION 24. Section 19 chapter 4 of the acts of 1976 is hereby repealed.
- 1209 SECTION 25. Section 25 chapter 4 of the acts of 1976 is hereby repealed.
- 1210 SECTION 26. Chapter 519 of the acts of 1976 is hereby repealed.
- 1211 SECTION 27. Chapter 375 of the acts of 1977 is hereby repealed.
- 1212 SECTION 28. Section 2 of chapter 561 of the acts of 1977 is hereby repealed.
- 1213 SECTION 29. Section 276 of chapter 514 of the acts of 1978 is hereby repealed.
- 1214 SECTION 30. Chapter 263 of the acts of 1979 is hereby repealed.
- 1215 SECTION 31. Chapter 632 of the acts of 1979 is hereby repealed.
- 1216 SECTION 32. Chapter 348 of the acts of 1981 is hereby repealed.
- 1217 SECTION 33. Chapter 544 of the acts of 1981 is hereby repealed.
- 1218 SECTION 34. Sections 6 to 10, inclusive, of chapter 789 of the acts of 1981 are hereby
1219 repealed.
- 1220 SECTION 35. Chapter 264 of the acts of 1982 is hereby repealed.
- 1221 SECTION 36. Chapter 546 of the acts of 1982 is hereby repealed.

1222 SECTION 37. Section 103 of chapter 371 of the acts of 1983 is hereby repealed.

1223 SECTION 38. Sections 17 to 25, inclusive, of chapter 574 of the acts of 1983 are hereby
1224 repealed.

1225 SECTION 39. Chapter 406 of the acts of 1984 is hereby repealed.

1226 SECTION 40. Sections 2 to 7, inclusive, of chapter 259 of the acts of 1985 are hereby
1227 repealed.

1228 SECTION 41. The seventh sentence of the second paragraph of section 8 of chapter 846
1229 of the acts of 1974, as most recently amended by section 8 of chapter 259 of the acts of 1985, is
1230 hereby further amended by striking out, in lines 3 and 4, the words “section five A of chapter
1231 seven hundred and eight of the acts of nineteen hundred and sixty-six” and inserting in place
1232 thereof the following words:- “section 6 of chapter 121I of the General Laws.

1233 SECTION 42. Chapter 318 of the acts of 1987 is hereby repealed.

1234 SECTION 43. Chapter 581 of the acts of 1989 is hereby repealed.

1235 SECTION 44. Sections 1 to 19, inclusive, of chapter 679 of the acts of 1989 are hereby
1236 repealed.

1237 SECTION 45. Sections 32 and 33 of chapter 722 of the acts of 1989 are hereby
1238 repealed.

1239 SECTION 46. Chapter 366 of the acts of 1992 is hereby repealed.

1240 SECTION 47. Sections 502 and 503 of chapter 151 of the acts of 1996 are hereby
1241 repealed.

1242 SECTION 48. Section 43 of chapter 204 of the acts of 1996 is hereby repealed.

1243 SECTION 49. Section 45 of chapter 204 of the acts of 1996 is hereby repealed.

1244 SECTION 50. Chapter 239 of the acts of 1998 is hereby repealed.

1245 SECTION 51. The fourth sentence of section 12 of chapter 257 of the acts of 1998 is
1246 hereby amended by striking out, in line 7, the words “chapter 708 of the acts of 1966” and
1247 inserting in place thereof the following words:- chapter 121I of the General Laws.

1248 SECTION 52. Section 5 of section 227 of chapter 159 of the acts of 2000 is hereby
1249 repealed.

1250 SECTION 53. Section 14 of chapter 219 of the acts of 2001 is hereby amended by
1251 striking out, in line 3, the words “chapter 708 of the laws of 1966, as amended” and inserting in
1252 place thereof the following words:- chapter 121I of the General Laws.

1253 SECTION 54. Chapter 34 of the acts of 2003 is hereby repealed.