

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 984

Session of  
1977

INTRODUCED BY SCANLON, ROSS, ARLENE, REIBMAN, McKINNEY,  
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JUBELIRER, STOUT AND LEWIS, JUNE 22, 1977

REFERRED TO URBAN AFFAIRS AND HOUSING, JUNE 22, 1977

AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),  
2 entitled, as amended, "An act to promote the health, safety  
3 and welfare of the people of the Commonwealth by broadening  
4 the market for housing for persons and families of low and  
5 moderate income and alleviating shortages thereof, and by  
6 assisting in the provision of housing for elderly persons  
7 through the creation of the Pennsylvania Housing Finance  
8 Agency as a public corporation and government  
9 instrumentality; providing for the organization, membership  
10 and administration of the agency, prescribing its general  
11 powers and duties and the manner in which its funds are kept  
12 and audited, empowering the agency to make housing loans to  
13 qualified mortgagors upon the security of insured and  
14 uninsured mortgages, defining qualified mortgagors and  
15 providing for priorities among tenants in certain instances,  
16 prescribing interest rates and other terms of housing loans,  
17 permitting the agency to acquire real or personal property,  
18 permitting the agency to make agreements with financial  
19 institutions and Federal agencies, providing for the purchase  
20 by persons of low and moderate income of housing units, and  
21 approving the sale of housing units, permitting the agency to  
22 sell housing loans, providing for the promulgation of  
23 regulations and forms by the agency, prescribing penalties  
24 for furnishing false information, empowering the agency to  
25 borrow money upon its own credit by the issuance and sale of  
26 bonds and notes and by giving security therefor, permitting  
27 the refunding, redemption and purchase of such obligations by  
28 the agency, prescribing remedies of holders of such bonds and  
29 notes, exempting bonds and notes of the agency, the income  
30 therefrom, and the income and revenues of the agency from  
31 taxation, except transfer, death and gift taxes; making such  
32 bonds and notes legal investments for certain purposes; and

1 indicating how the act shall become effective," authorizing  
2 the agency to promote, develop, administer, engage in or  
3 finance additional programs, including but not limited to a  
4 loans to lenders program, a mortgage purchase program, and a  
5 home improvements loan program to make loans and provide and  
6 accept assistance, including contract administration for  
7 Federal housing assistance programs, for the purpose of  
8 facilitating the construction of new housing and the  
9 rehabilitation and improvement of existing housing, to make  
10 loans to mortgage lenders for the purpose of providing funds  
11 with which such lenders shall make residential mortgage  
12 loans, to provide for conflicts of interest, to supersede  
13 inconsistent provisions in other laws, and to add to the  
14 powers and duties of the agency.

15 The General Assembly of the Commonwealth of Pennsylvania  
16 hereby enacts as follows:

17 Section 1. The title and section 102, act of December 3,  
18 1959 (P.L.1688, No.621), known as the "Housing Finance Agency  
19 Law," amended December 5, 1972 (P.L.1259, No.282), are amended  
20 to read:

21 AN ACT

22 To promote the health, safety and welfare of the people of the  
23 Commonwealth by broadening the market for housing for persons  
24 and families of low and moderate income and alleviating  
25 shortages thereof, and by assisting in the provision of  
26 housing for elderly persons through the creation of the  
27 Pennsylvania Housing Finance Agency as a public corporation  
28 and government instrumentality; providing for the  
29 organization, membership and administration of the agency,  
30 prescribing its general powers and duties and the manner in  
31 which its funds are kept and audited, empowering the agency  
32 to make housing loans to qualified mortgagors upon the  
33 security of insured and uninsured mortgages, defining  
34 qualified mortgagors and providing for priorities among  
35 tenants in certain instances, prescribing interest rates and  
36 other terms of housing loans, permitting the agency to

1     acquire real or personal property, permitting the agency to  
2     make agreements with financial institutions and Federal  
3     agencies, providing for the purchase by persons of low and  
4     moderate income of housing units, and approving the sale of  
5     housing units, permitting the agency to sell housing loans,  
6     providing for the promulgation of regulations and forms by  
7     the agency, prescribing penalties for furnishing false  
8     information, empowering the agency to borrow money upon its  
9     own credit by the issuance and sale of bonds and notes and by  
10    giving security therefor, permitting the refunding,  
11    redemption and purchase of such obligations by the agency,  
12    prescribing remedies of holders of such bonds and notes,  
13    exempting bonds and notes of the agency, the income  
14    therefrom, and the income and revenues of the agency from  
15    taxation, except transfer, death and gift taxes; making such  
16    bonds and notes legal investments for certain purposes;  
17    authorizing the agency to promote, develop, administer,  
18    engage in or finance additional programs, including but not  
19    limited to a loan to lenders program, a mortgage purchase  
20    program, and a home improvements loan program, to make loans  
21    and provide and accept assistance, including contract  
22    administration for Federal housing assistance programs, for  
23    the purpose of facilitating the construction of new housing  
24    and the rehabilitation and improvement of existing housing,  
25    to make loans to mortgage lenders for the purpose of  
26    providing funds with which such lenders shall make  
27    residential mortgage loans, to provide for conflicts of  
28    interest, to supersede inconsistent provisions in other laws,  
29    to add to the powers and duties of the agency, and indicating  
30    how the act shall become effective.

1       Section 102. Findings and Declaration of Policy.--It is  
2 hereby determined and declared as a matter of legislative  
3 finding that--

4       (1) The welfare of the Commonwealth is threatened by the  
5 fact that throughout Pennsylvania the supply of private homes  
6 and rental units for persons and families of low and moderate  
7 income is inadequate to meet the need for such housing created  
8 by an expanding population, the wearing out of older dwellings  
9 and the elimination of substandard dwellings by governmental  
10 action, and by a shortage of suitable dwellings for elderly  
11 persons.

12       (1.1) Many of the existing private homes and rental units in  
13 the Commonwealth are in need of rehabilitation, improvement or  
14 replacement.

15       (2) Because of higher construction costs, a scarcity of  
16 financing available for housing and the resulting increase in  
17 interest rates, the housing need which exists in fact has not  
18 been able to find economic expression in a market demand  
19 sufficient to encourage greater production and supply of homes  
20 and rental housing by private industry [for] or to attract a  
21 sufficient supply of funds to finance the construction of new or  
22 the rehabilitation or improvement of existing housing to meet  
23 the needs of persons and families of low and moderate income,  
24 including the elderly.

25       (3) Persons and families whose residences are condemned by  
26 governmental action in the prosecution of necessary public works  
27 in urban slum clearance programs and under regulatory laws  
28 protecting health and safety, face insuperable difficulties in  
29 finding new housing which is adequate, safe and sanitary. Many  
30 such persons and families are not eligible to occupy public

1 housing administered by governmental agencies and are also  
2 unable to rent or purchase adequate, safe and sanitary housing  
3 because of the economic conditions described. Unless it becomes  
4 economically feasible for these persons and families to acquire  
5 housing in place of the dwellings now being eliminated by urban  
6 renewal programs in blighted areas and other dwellings removed  
7 by reason of other public works, such necessary governmental  
8 activities face serious curtailment or interruption.

9 (4) The Commonwealth has a strong moral responsibility to  
10 assist in providing opportunity for the rental or purchase of  
11 relocation housing by persons and families who are displaced by  
12 necessary governmental action, as well as a general and  
13 continuing responsibility to eliminate conditions which prevent  
14 private industry from supplying and lending institutions from  
15 financing housing to relieve the general shortage of housing.

16 (5) Private industry alone has been and now is unable to  
17 provide the financing necessary, at a cost which persons and  
18 families of low and moderate income can afford, for housing for  
19 such persons and families and therefore, the specialized  
20 financing provided for in this act will encourage greater  
21 expenditure of private capital for housing.

22 (5.1) The inadequate supply of private homes and rental  
23 units and of funds to finance the construction, rehabilitation  
24 and improvement of private homes and rental units has restricted  
25 and continues to restrict the opportunities of persons and  
26 families of low and moderate income to obtain adequate housing  
27 either newly constructed, rehabilitated or improved or such as  
28 would normally become available to them when vacated by persons  
29 or families of higher income moving to newly constructed,  
30 rehabilitated or improved or existing private homes and rental

1 units.

2 (5.2) Additional financing is needed in areas throughout the  
3 Commonwealth in which private lending institutions have been  
4 unable to commit funds for the construction, rehabilitation,  
5 improvement and purchase of private homes and rental units.

6 (5.3) A large and significant number of the residents of  
7 this Commonwealth have been and will be subject to hardship in  
8 finding adequate, safe and sanitary housing unless new private  
9 homes and rental units are constructed or existing private homes  
10 and rental units are rehabilitated or improved; major factors  
11 contributing to this hardship are the unavailability to private  
12 lending institutions of this Commonwealth of sufficient funds to  
13 finance such construction, rehabilitation or improvement and a  
14 lack of incentives to private lending institutions to commit  
15 funds for such purposes.

16 (5.4) The inadequate supply of private homes and rental  
17 units and financing for the construction, rehabilitation,  
18 improvement, and purchase thereof adversely restricts the  
19 economic growth and erodes the tax base of this Commonwealth by  
20 discouraging industrial and other commercial enterprises from  
21 remaining in, or relocating to, this Commonwealth, by  
22 discouraging persons and families from residing in this  
23 Commonwealth, by contributing to a decline in the property value  
24 of housing units, developments and areas, and by restricting the  
25 activity of, and employment in, the construction industry.

26 (6) The relationship of a sufficient provision of adequate,  
27 safe and sanitary housing to the advancement of the public  
28 health and morals and to the prevention of fire, accident and  
29 crime is clear.

30 (6.1) Unless the supply of private homes and rental units

1 and the availability to residents of this Commonwealth of  
2 financing for the construction, rehabilitation, improvement and  
3 purchase thereof is significantly increased over present levels,  
4 a large number of residents of this Commonwealth, particularly  
5 those of low and moderate income and the elderly, will be  
6 compelled to continue living in inadequate, unsafe or unsanitary  
7 housing to the detriment of the health, welfare and well-being  
8 of, and the alleviation of such conditions will be to the  
9 benefit of, the entire citizenry of the Commonwealth.

10 (6.2) Experience has demonstrated that the concentration in  
11 housing developments, or housing areas, of only persons and  
12 families who, without some form of private or public assistance,  
13 do not have income sufficient to afford adequate, safe and  
14 sanitary housing, frequently does not eliminate or avoid  
15 undesirable social conditions and frequently does not  
16 permanently eliminate or avoid blighted housing conditions, and  
17 that occupancy of housing units in such housing developments or  
18 housing areas by persons and families of higher income in  
19 addition to persons and families of low and moderate income is  
20 desirable and beneficial to the entire citizenry of the  
21 Commonwealth.

22 (6.3) The programs established pursuant to Article III.-A,  
23 III.-B, III.-C, III.-D and Article IV.-A of this act and the  
24 powers vested in the agency to effectuate these programs are  
25 appropriate, reasonable, and effective means to deal with the  
26 housing, economic and employment problems and conditions set  
27 forth in this section.

28 (7) Therefore, it is hereby declared to be the policy of the  
29 Commonwealth of Pennsylvania to promote the health, safety and  
30 welfare of its inhabitants by the creation of a body corporate

1 and politic, to be known as the "Pennsylvania Housing Finance  
2 Agency," which shall exist and operate for the purposes of  
3 alleviating the hardship which results from insufficient  
4 [production] supply of private homes and of rental housing for  
5 persons and families of low and moderate income, including the  
6 elderly, the hardship resulting from the relocation of persons  
7 displaced by governmental action, the deleterious effect of  
8 inadequate housing upon the general welfare of the Commonwealth,  
9 and the disadvantages, resulting from economic conditions, which  
10 bar private industry from satisfying a vital need, by broadening  
11 the market for private homes and for housing for persons and  
12 families of low and moderate income, including the elderly,  
13 through the provision of specialized financing [secured by  
14 mortgages] to corporations, individuals, joint ventures,  
15 partnerships, limited partnerships, trusts, cooperatives and  
16 condominiums engaged in the development, construction,  
17 rehabilitation or improvement of private homes and rental  
18 housing and in the financing thereof, which are unable to obtain  
19 [such financing] adequate funds in the general market or [who]  
20 which are unable to participate in specialized Federal housing  
21 programs because of lack of available Federal funds, [and  
22 through cooperation] by the establishment and implementation of  
23 the specialized financing programs including those set forth in  
24 Articles III.-A, III.-B, III.-C, III.-D and Article IV.-A of  
25 this act and by vesting in the agency the powers set forth in  
26 this act including the power to cooperate with and [assistance  
27 to] assist the Pennsylvania Department of Community Affairs as  
28 such department carries into effect the powers and duties vested  
29 in it, and cooperation with and assistance to any local, State  
30 or Federal entity engaged in developing and/or implementing



1 programs designed to increase the supply of decent, safe and  
2 sanitary housing, thus improving and stimulating the  
3 distribution of investment capital for housing. Such purposes  
4 are public purposes for which public money may be spent and in  
5 accomplishing such purposes the Pennsylvania Housing Finance  
6 Agency is acting in all respects for the benefit, improvement  
7 and promotion of the health, welfare and prosperity of the  
8 entire citizenry of the Commonwealth.

9 Section 2. Clauses (5) and (18) of section 103 of the act,  
10 amended or added December 5, 1972 (P.L.1259, No.282) are amended  
11 and clauses are added to read:

12 Section 103. Definitions.--As used in this act unless  
13 otherwise indicated--

14 \* \* \*

15 (5) "Mortgage" means a [first] mortgage, deed of trust or  
16 other instrument securing a mortgage loan which, except as  
17 otherwise provided in Articles III.-B and III.-D herein,  
18 constitutes a first lien (unless the holder of the mortgage  
19 holds all prior liens) on a fee simple or leasehold estate in  
20 real estate located in Pennsylvania, [given to secure advances  
21 on or the unpaid purchase price of the real estate under the  
22 laws of Pennsylvania,] together with the credit instruments, if  
23 any, secured thereby; the term "mortgage," unmodified by the  
24 word "insured," includes both insured mortgages and those which  
25 are not insured.

26 (5.1) "Mortgage lender" means any bank, bank and trust  
27 company, savings bank, savings association, national banking  
28 association, Federal savings and loan association, mortgage  
29 banker, credit union, insurance company, or other financial  
30 institution, governmental entity or person authorized to

1 transact business in the Commonwealth.

2 \* \* \*

3 (13.1) "Other persons" and "others" shall mean persons and  
4 classes of persons other than persons and families of low and  
5 moderate income, or the elderly, who occupy residential housing  
6 or receive loans or receive other benefits pursuant to the  
7 programs authorized by this act in furtherance of the purposes  
8 of this act.

9 \* \* \*

10 (18) "Total project cost" means the sum total of all costs  
11 incurred in the development of a project, which are approved by  
12 the agency as reasonable and necessary, which costs [shall] may  
13 include, but are not necessarily limited to, (i) cost of land  
14 acquisition and any buildings thereon (ii) cost of site  
15 preparation, demolition and development, (iii) architect,  
16 engineer, legal, agency and other fees paid or payable in  
17 connection with the planning, execution and financing of the  
18 project, (iv) cost of necessary studies, surveys, plans and  
19 permits, (v) insurance, interest, financing, tax and assessment  
20 costs and other operating and carrying costs during  
21 construction, (vi) cost of construction, reconstruction,  
22 fixtures, and equipment related to the real property, (vii) cost  
23 of land improvements, (viii) necessary expenses in connection  
24 with initial occupancy of the project, (ix) a reasonable profit  
25 or fee to the builder and developer, including a reasonable  
26 incentive award to the builder for completion prior to the time,  
27 or below the cost, specified in the construction contract if  
28 such early completion or cost savings is attributable to the  
29 efforts of such builder, (x) an allowance established by the  
30 agency for working capital and contingency reserves, and

1 reserves for any anticipated operating deficits during the first  
2 two years of occupancy, (xi) the cost of such other items,  
3 including tenant relocation, as the agency shall determine to be  
4 reasonable and necessary for the development of the project,  
5 less any and all net rents and other net revenues received from  
6 the operation of the real and personal property on the project  
7 site during construction.

8 All costs shall be subject to approval and audit by the  
9 agency. The agency may adopt rules and regulations specifying in  
10 detail the types and categories of cost which shall be allowable  
11 if actually incurred in the construction of reconstruction of a  
12 project.

13 \* \* \*

14 (20) "Residential housing" means a specific work or  
15 improvement undertaken within the Commonwealth under Articles  
16 III.-A, III.-B, III.-C, III.-D or IV.-A herein primarily to  
17 provide dwelling accommodations for purchase or rental by low  
18 and moderate income persons and families, including the elderly,  
19 and other persons, which includes the acquisition, construction,  
20 rehabilitation or improvement of land, buildings and  
21 improvements thereon, and such other facilities and land  
22 development as may be incidental or appurtenant thereto. Land  
23 development as used herein means the process of acquiring land  
24 for residential housing and the making, installing or  
25 constructing of residential housing thereon, together with  
26 related housing improvements, including but not limited to  
27 water, sewer and other utilities, roads, streets, curbs,  
28 gutters, sidewalks, storm drainage facilities and other  
29 installations or works, whether on or off the site, which the  
30 agency deems necessary or desirable to prepare such land for

1 residential housing.

2 Section 3. Clauses (4) and (19) of section 205 of the act  
3 clause (4) amended December 5, 1972 (P.L.1259, No.282), clause  
4 (19) added April 7, 1976 (P.L.73, No.33), are amended and  
5 clauses are added to read:

6 Section 205. Agency Powers.--The agency shall have the  
7 following powers:

8 \* \* \*

9 (4) To accept grants and subsidies from and to enter into  
10 agreements or other transactions with any Federal agency or  
11 agency of the Commonwealth or other entity, in furtherance of  
12 the purposes of this act, including but not limited to the  
13 development, maintenance, administration, operation and  
14 financing of residential housing, including residential housing  
15 developed or assisted pursuant to a Federal Housing Assistance  
16 Program and to do that which is necessary in order for the  
17 agency to avail itself of the aid and cooperation of any such  
18 agency or other entity.

19 (4.1) To receive and accept aid or contributions from any  
20 source of money, property, labor or other things of value, to be  
21 held, used and applied to carry out the purposes of this act  
22 subject to the conditions of the grants and contributions,  
23 including, but not limited to, gifts or grants from any  
24 department or agency of the United States or this Commonwealth  
25 for payment of rent supplements to eligible persons or families  
26 or for the payment in whole or in part of the interest expense  
27 for residential housing or for any other purpose consistent with  
28 this act.

29 (4.2) To make grants and give subsidies to effectuate and  
30 further the purposes of this act.

1       \* \* \*

2       (19) Subject to any agreement with bondholders or  
3 noteholders, [and with the written approval of the Governor,] to  
4 consent to any modification with respect to rate of interest,  
5 time and payment of any installment of principal or interest,  
6 security or any other term of any loan to a mortgage lender or  
7 any bond or note, contract or agreement of any kind to which the  
8 agency is a party, provided, however, that modifications with  
9 respect to rate of interest, time and payment of any installment  
10 of principal or interest of any bond or note issued by the  
11 agency shall be subject to the written approval of the Governor  
12 or designee.

13       (20) To use powers conferred pursuant to this act to develop  
14 or assist and implement residential housing programs in  
15 accordance with the purposes of this act, which include but are  
16 not limited to the programs authorized by Articles III.-A, III.-  
17 B, III.-C, III.-D and IV.-A of this act.

18       (21) In connection with its loans, applications for loans,  
19 commitments, services, expenses or other matters relating to  
20 activity undertaken in furtherance of the purposes of this act,  
21 to establish and revise from time to time and charge and collect  
22 fees and charges, including but not limited to financing costs,  
23 service charges, insurance premiums and mortgage insurance  
24 premiums, as the agency determines to be reasonable.

25       (22) To invest in mortgages, to purchase commitments or make  
26 commitments to purchase mortgages, to purchase, service and sell  
27 mortgages, to take assignments from mortgage lenders of notes  
28 and mortgages, and to make loans upon the security of any  
29 mortgage, and to participate with other entities or persons in  
30 any of the foregoing, provided the underlying mortgage loans

1 shall have been made and shall continue to be used to finance or  
2 refinance the construction, rehabilitation, improvement,  
3 purchase or leasing of residential housing.

4 (23) To establish and periodically revise mortgage  
5 limitations for residential housing programs, based on  
6 construction costs, financing costs, land costs, and other  
7 related costs, at such amounts that residential housing can be  
8 constructed, rehabilitated or improved in all areas of the  
9 Commonwealth.

10 Section 4. Section 301-A of the act, added December 5, 1972  
11 (P.L.1259, No.282), is amended to read:

12 Section 301-A. Housing Purchase Program.--(a) The agency  
13 may make loans to any mortgagor for the construction,  
14 reconstruction or rehabilitation of residential housing units  
15 for sale to individual purchasers of low or moderate income and  
16 elderly persons or others as provided by the agency in its rules  
17 and regulations and to any such individual purchaser for the  
18 long-term financing of a housing unit. A loan under this section  
19 may be in an amount not to exceed one hundred per cent of the  
20 total project cost as approved by the agency.

21 (b) While such loan is outstanding, any sale by the  
22 mortgagor or any subsequent resale shall be subject to approval  
23 by the agency and the agency shall provide in its rules and  
24 regulations concerning such sales and resales that the price of  
25 the residential housing unit sold, the method of making payments  
26 thereafter, the security afforded and the interest rates, fees  
27 and charges to be paid shall at all times be sufficient to  
28 permit the agency to make the payments on its bonds and notes  
29 plus any administrative or other costs of the agency in  
30 connection with the transactions. Residential housing units

1 shall be sold under terms that provide for monthly payments  
2 including principal, interest, taxes and insurance.

3 [(c) While such loan is outstanding, the agency shall, prior  
4 to the approval of sale by the mortgagor or any subsequent  
5 resale, satisfy itself that such sale or resale is to persons of  
6 low or moderate income.

7 (d)] (c) Upon the sale by the mortgagor of any residential  
8 housing unit to an individual purchaser of low or moderate  
9 income, elderly persons or others under this subsection to whom  
10 a loan is being made by the agency, such housing unit shall be  
11 released from the mortgage running from the mortgagor to the  
12 agency and such mortgage shall be replaced as to the housing  
13 unit by a mortgage running from the individual purchaser to the  
14 agency.

15 [(e)] (d) Loans may, in addition, be made directly to  
16 individual purchasers of low or moderate income, elderly persons  
17 or others, for the construction, reconstruction, or  
18 rehabilitation of housing units by them, not in excess of one  
19 hundred per cent of the cost of such construction,  
20 reconstruction, or rehabilitation. The agency shall provide in  
21 its rules and regulations concerning such loans that the amount  
22 of the loan, the method of making payments thereafter, the  
23 security afforded and interest rates, fees and charges to be  
24 paid shall at all times be sufficient to permit the agency to  
25 make the payments on its bonds and notes plus any administrative  
26 or other costs of the agency in connection with the  
27 transactions.

28 Section 5. The act is amended by adding articles to read:

29 ARTICLE III.-B

30 Loans to Lenders Program

Section 301-B. Loans to Lenders Program.--(a) The agency shall have the power to:

(1) Make loans and contract to make loans to mortgage lenders and to participate with other entities or persons therein under terms and conditions requiring the proceeds thereof or reasonably equivalent amounts to be used by such mortgage lenders for the making of loans, including federally insured mortgages, for residential housing.

(2) Require such collateral security as the agency may determine to be necessary to assure the payment of such loans and the interest thereon as the same become due and the performance of the obligations of the mortgage lenders.

(b) The agency shall from time to time establish rules and regulations for the making of loans pursuant to this article governing: the time within which mortgage lenders must make commitments for and disbursements of loans for residential housing and standards as to the number of dwelling units and other characteristics of residential housing to be financed by the loans for residential housing.

(c) The agency may collect, enforce the collection of and foreclose on any collateral securing a loan to a mortgage lender and acquire or take possession of such collateral and sell the collateral at public or private sale, with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein, and make provisions regarding such collateral in any agreement with bondholders or noteholders. The agency may permit loan collateral to be pledged without requiring physical delivery thereof to the agency. In the event that loan collateral is not held by the agency or by a third party custodian (which may be



1 within or outside the Commonwealth), the lien of the pledge of  
2 such loan collateral shall be valid and effectual against all  
3 other creditors of the mortgage lender, subject to the rights of  
4 parties acquiring such collateral as holders in due course.

5 (d) Notwithstanding any other provision of this act,  
6 including section 103(5), any mortgage which secures a loan for  
7 rehabilitation of residential housing pursuant to this article  
8 must constitute a lien upon the real property with respect to  
9 which such rehabilitation was made, but need not constitute a  
10 first lien thereon, and may constitute a part of a refinancing  
11 of an existing loan for residential housing to the extent  
12 required, in the discretion of the agency, to accomplish the  
13 purposes of this act.

14 (e) In exercising the powers vested in the agency in  
15 subsections (a), (b), (c) and (d), and in establishing the rules  
16 and regulations provided for in said subsection (b), the agency  
17 shall effectuate the general purposes of this act and the  
18 following specific objectives: (i) the expansion of the supply  
19 of funds in the Commonwealth available for residential housing;  
20 (ii) the provision of the additional housing needed to remedy  
21 the shortage of decent, safe and sanitary housing in the  
22 Commonwealth and eliminate the existence of a large number of  
23 substandard dwellings; and (iii) the effective participation by  
24 mortgage lenders in the programs authorized by this article.

### 25 ARTICLE III.-C

#### 26 Mortgage Purchase Program

27 Section 301-C. Mortgage Purchase Program.--(a) The agency  
28 shall have the power to invest in, purchase or make commitments  
29 to purchase, and take assignments from mortgage lenders of,  
30 loans for residential housing and the mortgages securing such

1 loans, including Federally insured mortgages, and to participate  
2 with other entities and persons therein.

3 (b) The agency shall from time to time establish rules and  
4 regulations for the purchase of mortgages and the use of the  
5 proceeds of such purchases by the mortgage lenders for the  
6 making of loans for residential housing pursuant to this article  
7 governing: the time within which mortgage lenders must make  
8 commitments for and disbursements of loans for residential  
9 housing and standards as to the number of dwelling units and  
10 other characteristics of residential housing to be financed by  
11 such loans for residential housing.

12 (c) In exercising the powers vested in the agency in  
13 subsections (a) and (b), and in establishing the rules and  
14 regulations provided for in said subsection (b), the agency  
15 shall effectuate the general purposes of this act and the  
16 following specific objectives: (i) the expansion of the supply  
17 of funds in the Commonwealth available for residential housing;  
18 (ii) the provision of the additional housing needed to remedy  
19 the shortage of decent, safe and sanitary housing the  
20 Commonwealth and eliminate the existence of a large number of  
21 substandard dwellings; and (iii) the effective participation by  
22 mortgage lenders in the programs authorized by this article.

23 ARTICLE III.-D

24 Home Improvement Loans Program

25 Section 301-D. Home Improvement Loans Program.--(a) The  
26 agency shall have the power to invest in, purchase or make  
27 commitments to purchase, and take assignments from mortgage  
28 lenders of, or make or enter into commitments to make, loans for  
29 improvements to residential housing and to participate with  
30 other entities or persons therein.

1     (b) The agency shall from time to time establish rules and  
2 regulations for the making or purchasing of mortgages and the  
3 use of the proceeds of such purchases by the mortgage lenders  
4 for the making of loans for improvements to residential housing  
5 pursuant to this article governing: the time within which  
6 mortgage lenders must make commitments for and disbursements of  
7 loans for such improvements to residential housing and standards  
8 as to the number of dwelling units and other characteristics of  
9 residential housing to be benefited by loans for such  
10 improvements.

11     (c) Notwithstanding any other provision of this act,  
12 including section 103(5), any mortgage which secures a loan for  
13 improvements to residential housing pursuant to this article  
14 must constitute a lien upon the real property with respect to  
15 which such improvement was made, but need not constitute a first  
16 lien thereon, and may constitute a part of a refinancing of an  
17 existing loan for residential housing to the extent required, in  
18 the discretion of the agency, to accomplish the purposes of this  
19 act.

20     (d) In exercising the powers vested in the agency in  
21 subsections (a), (b) and (c) and in establishing the rules and  
22 regulations provided for in subsection (b), the agency shall  
23 effectuate the general purposes of this act and the following  
24 specific objectives: (i) the expansion of the supply of funds in  
25 the Commonwealth available for improvements to residential  
26 housing; and (ii) the effective participation by mortgage  
27 lenders in the program authorized by this article.

28     Section 6. Clause (1) of section 401-A, and subsection (b)  
29 of section 402-A of the act, clause (1) of section 401-A amended  
30 April 7, 1976 (P.L.73, No.33) and subsection (b) of section 402-

1 A added December 5, 1972 (P.L.1259, No.282), are amended to  
2 read:

3 Section 401-A. Rental Housing Program.--To accomplish the  
4 declared purpose of this act of providing rental housing to  
5 persons and families of low and moderate income the agency is  
6 hereby authorized to:

7 (1) Make [first] mortgage loans secured by mortgages on real  
8 property or a leasehold estate, including mortgages insured by a  
9 Federal agency, to finance projects designed and planned to be  
10 available for low and moderate income persons and families or  
11 elderly persons and others. The agency shall not make any  
12 mortgage loan pursuant to the provisions of this article, unless  
13 such mortgage loan is made in conjunction with a Federal Housing  
14 Assistance Program; provided, however, that any mortgage loan  
15 for which the agency had issued a written commitment and/or  
16 projects for which the agency had issued written feasibility  
17 approval on or before January 1, 1976, shall be excluded from  
18 the limitations of this sentence.

19 \* \* \*

20 Section 402-A. Mortgage Loans.--\* \* \*

21 (b) Interest and Charges. The agency shall have authority  
22 to set from time to time the interest rates at which it shall  
23 make loans, consistent with the agency's cost of borrowing  
24 money, cost of operation and its responsibilities to the holders  
25 of its bonds. [In connection with the making of mortgage loans  
26 and commitments therefor, and in addition to such interest  
27 charges, the agency may make and collect such fees and charges,  
28 including but not limited to reimbursement of the agency's  
29 financing costs, service charges, insurance premiums and  
30 mortgage insurance premiums, as the agency determines to be

1 reasonable.]

2 \* \* \*

3 Section 7. Article VI.-A of the act, added December 5, 1972  
4 (P.L.1259, No.282), is amended by amending the article heading  
5 and adding sections to read:

6 ARTICLE VI.-A

7 Liberal Construction, Fraud Penalty [and], Effective  
8 Date, Conflict of Interest, and Inconsistent Provisions  
9 in Other Laws Superseded

10 \* \* \*

11 Section 604-A. Conflict of Interest.--Notwithstanding the  
12 provisions of this act or of any other provision of law to the  
13 contrary, it shall not be deemed a conflict of interest for any  
14 entity or person to execute any loan or mortgage purchase  
15 agreement, to receive any bond proceeds thereunder or to act as  
16 either trustee or paying agent, or to purchase bonds, of, or  
17 otherwise transact any business with the agency when at the same  
18 time or prior thereto:

19 (1) Such entity or person shall have entered into with the  
20 agency any other loan agreement, mortgage purchase agreement,  
21 trustee agreement, paying agency agreement, or other agreement.

22 (2) Such person or such entities' or person's agent or  
23 employee has advised the agency on matters pertaining to this  
24 section.

25 Section 605-A. Inconsistent Provisions in Other Laws  
26 Superseded.--Insofar as the provisions of this act are  
27 inconsistent with the provisions of any other law, general,  
28 special or local, the provisions of this act shall be  
29 controlling.

30 Section 8. This act shall take effect immediately.