
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 50

Session of
1979

INTRODUCED BY SCANLON, ROSS, MURRAY, ROMANELLI, O'PAKE AND
LEWIS, JANUARY 16, 1979

REFERRED TO URBAN AFFAIRS AND HOUSING, JANUARY 16, 1979

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
33 indicating how the act shall become effective," authorizing
34 the agency to promote, develop, administer, engage in or

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

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

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

20 AN ACT

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

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

30 Section 102. Findings and Declaration of Policy.--It is

1 hereby determined and declared as a matter of legislative
2 finding that--

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

11 (1.1) Many of the existing private homes and rental units in
12 the Commonwealth are in need of rehabilitation, improvement or
13 replacement.

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

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

1 are also unable to rent or purchase adequate, safe and sanitary
2 housing because of the economic conditions described. Unless it
3 becomes economically feasible for these persons and families to
4 acquire housing in place of the dwellings now being eliminated
5 by urban renewal programs in blighted areas and other dwellings
6 removed by reason of other public works, such necessary
7 governmental activities face serious curtailment or
8 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, and unincorporated associations engaged in the
17 development, construction, rehabilitation or improvement of
18 private homes and rental housing and in the financing thereof,
19 which are unable to obtain [such financing] adequate funds in
20 the general market or [who] which are unable to participate in
21 specialized Federal housing programs because of lack of
22 available Federal funds, [and through cooperation] by the
23 establishment and implementation of specialized financing
24 programs including those set forth in Articles III.-A, III.-B,
25 III.-C, III.-D and Article IV.-A of this act and by vesting in
26 the agency the powers set forth in this act including the power
27 to cooperate with and [assistance to] assist the Pennsylvania
28 Department of Community Affairs as such department carries into
29 effect the powers and duties vested in it, and to cooperate with
30 and assist any local, State or Federal entity engaged in

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

1 units shall be sold under terms that provide for monthly
2 payments 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 but not limited to Federally insured mortgages, for residential housing.

(2) Require such collateral security as the agency may determine to be necessary to assure the payment of subject to this article 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

1 held by the agency or by a third party custodian (which may be
2 within or outside the Commonwealth), the lien created by the
3 pledge of such loan collateral shall be valid and effectual
4 against all other creditors of the mortgage lender, subject to
5 the rights of parties acquiring such collateral as holders in
6 due course.

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

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

27 ARTICLE III.-C

28 Mortgage Purchase Program

29 Section 301-C. Mortgage Purchase Program.--(a) The agency
30 shall have the power to invest in, purchase or make commitments

1 to purchase, and take assignments from mortgage lenders of,
2 loans for residential housing and the mortgages securing such
3 loans, including Federally insured mortgages, and to participate
4 with other entities and persons therein.

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

14 (c) In exercising the powers vested in the agency in
15 subsections (a) and (b), and in establishing the rules and
16 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 the
22 Commonwealth or eliminate the existence of substandard
23 dwelling; and (iii) the participation by mortgage lenders in
24 the programs authorized by this article.

25 (d) Notwithstanding section 103(5) or any other provision of
26 this act, any mortgage which secures a loan for improvements to
27 residential housing pursuant to this article shall constitute a
28 lien upon the real property with respect to which such
29 improvements were made, but need not constitute a first lien
30 thereon, and may constitute a part of a refinancing of an

1 existing loan for residential housing to the extent required, in
2 the discretion of the agency, to accomplish the purposes of this
3 act.

4 ARTICLE III.-D

5 Home Improvement Loans Program

6 Section 301-D. Home Improvement Loans Program.--(a) The
7 agency shall have the power to invest in, purchase or make
8 commitments to purchase, and take assignments from mortgage
9 lenders of, or make or enter into commitments to make, loans for
10 improvements to residential housing and to participate with
11 other entities or persons therein.

12 (b) The agency shall from time to time establish rules and
13 regulations for the making or purchasing of mortgages and the
14 use of the proceeds of such purchases by the mortgage lenders
15 for the making of loans for improvements to residential housing
16 pursuant to this article governing: the time within which
17 mortgage lenders must make commitments for and disbursements of
18 loans for such improvements to residential housing and standards
19 as to the number of dwelling units and other characteristics of
20 residential housing to be benefited by loans for such
21 improvements.

22 (c) Notwithstanding section 103(5) or any other provision of
23 this act, any mortgage which secures a loan for improvements to
24 residential housing pursuant to this article shall constitute a
25 lien upon the real property with respect to which such
26 improvement was made, but need not constitute a first lien
27 thereon, and may constitute a part of a refinancing of an
28 existing loan for residential housing to the extent required, in
29 the discretion of the agency, to accomplish the purposes of this
30 act.

1 (d) In exercising the powers vested in the agency in
2 subsections (a), (b) and (c) and in establishing the rules and
3 regulations provided for in subsection (b), the agency shall
4 effectuate the general purposes of this act and the following
5 specific objectives: (i) the expansion of the supply of funds in
6 the Commonwealth available for improvements to residential
7 housing; and (ii) the participation by mortgage lenders in the
8 program authorized by this article.

9 Section 6. Clause (1) of section 401-A, and subsection (b)
10 of section 402-A of the act, clause (1) of section 401-A amended
11 April 7, 1976 (P.L.73, No.33) and subsection (b) of section 402-
12 A added December 5, 1972 (P.L.1259, No.282), are amended to
13 read:

14 Section 401-A. Rental Housing Program.--To accomplish the
15 declared purpose of this act of providing rental housing to
16 persons and families of low and moderate income the agency is
17 hereby authorized to:

18 (1) Make [first] mortgage loans secured by mortgages on real
19 property or a leasehold estate, including mortgages insured by a
20 Federal agency, to finance projects designed and planned to be
21 available for low and moderate income persons and families or
22 elderly persons and others. The agency shall not make any
23 mortgage loan pursuant to the provisions of this article, unless
24 such mortgage loan is made in conjunction with a Federal Housing
25 Assistance Program; provided, however, that any mortgage loan
26 for which the agency had issued a written commitment and/or
27 projects for which the agency had issued written feasibility
28 approval on or before January 1, 1976, shall be excluded from
29 the limitations of this sentence.

30 * * *

1 Section 402-A. Mortgage Loans.--* * *

2 (b) Interest [and Charges]. The agency shall have authority
3 to set from time to time the interest rates at which it shall
4 make loans, consistent with the agency's cost of borrowing
5 money, cost of operation and its responsibilities to the holders
6 of its bonds. [In connection with the making of mortgage loans
7 and commitments therefor, and in addition to such interest
8 charges, the agency may make and collect such fees and charges,
9 including but not limited to reimbursement of the agency's
10 financing costs, service charges, insurance premiums and
11 mortgage insurance premiums, as the agency determines to be
12 reasonable.]

13 * * *

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

17 ARTICLE VI.-A

18 Liberal Construction, Fraud Penalty [and], Effective
19 Date, Conflict of Interest, and Inconsistent Provisions
20 in Other Laws Superseded

21 * * *

22 Section 604-A. Conflict of Interest.--Notwithstanding the
23 provisions of this act or of any other provision of law to the
24 contrary, it shall not be deemed a conflict of interest for any
25 entity or person to execute any loan or mortgage purchase
26 agreement, to receive any bond proceeds thereunder or to act as
27 either trustee or paying agent or to purchase bonds of, or
28 otherwise transact any business with the agency when at the same
29 time or prior thereto:

30 (1) Such entity or person shall have entered into with the

1 agency any other loan agreement, mortgage purchase agreement,
2 trustee agreement, paying agency agreement, or other agreement.

3 (2) Such person or such entities' or person's agent or
4 employee has advised the agency on matters pertaining to this
5 section.

6 Section 605-A. Inconsistent Provisions in Other Laws
7 Superseded.--Insofar as the provisions of this act are
8 inconsistent with the provisions of any other law, general,
9 special or local, the provisions of this act shall be
10 controlling.

11 Section 8. This act shall take effect immediately.