

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 2344 Session of  
1992

INTRODUCED BY F. TAYLOR, GALLEN, VAN HORNE, MAYERNIK, COY,  
HALUSKA, LESCOVITZ, LUCYK, PRESTON, SERAFINI, ALLEN,  
GODSHALL, G. SNYDER, FLICK, CESSAR AND M. N. WRIGHT,  
JANUARY 28, 1992

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 23, 1992

## 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

bonds and notes legal investments for certain purposes; and  
indicating how the act shall become effective," further  
providing for THE MEMBERSHIP OF THE AGENCY AND the powers of  
the agency, for use of nondistributed profits, for  
nondiscrimination, for making and purchasing loans and  
mortgages, for allocation of loans, for qualified bonds and  
notes and for eligibility; further providing for the  
Homeowners' Emergency Mortgage Assistance Program; and  
repealing certain provisions relating to expiration of act.

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

~~Section 1. Section 205(7) of the act of December 3, 1959  
(P.L.1688, No.621), known as the Housing Finance Agency Law,~~

SECTION 1. SECTION 102(7) OF THE ACT OF DECEMBER 3, 1959  
(P.L.1688, NO.621), KNOWN AS THE HOUSING FINANCE AGENCY LAW,  
AMENDED DECEMBER 5, 1972 (P.L.1259, NO.282), IS AMENDED TO READ:

SECTION 102. FINDINGS AND DECLARATION OF POLICY.--IT IS  
HEREBY DETERMINED AND DECLARED AS A MATTER OF LEGISLATIVE  
FINDING THAT--

\* \* \*

(7) THEREFORE, IT IS HEREBY DECLARED TO BE THE POLICY OF THE  
COMMONWEALTH OF PENNSYLVANIA TO PROMOTE THE HEALTH, SAFETY AND  
WELFARE OF ITS INHABITANTS BY THE CREATION OF A BODY CORPORATE  
AND POLITIC, TO BE KNOWN AS THE "PENNSYLVANIA HOUSING FINANCE  
AGENCY," WHICH SHALL EXIST AND OPERATE FOR THE PURPOSES OF  
ALLEVIATING THE HARDSHIP WHICH RESULTS FROM INSUFFICIENT  
PRODUCTION OF PRIVATE HOMES AND OF RENTAL HOUSING FOR PERSONS  
AND FAMILIES OF LOW AND MODERATE INCOME, INCLUDING THE ELDERLY,  
THE HARDSHIP RESULTING FROM THE RELOCATION OF PERSONS DISPLACED  
BY GOVERNMENTAL ACTION, THE DELETERIOUS EFFECT OF INADEQUATE  
HOUSING UPON THE GENERAL WELFARE OF THE COMMONWEALTH, AND THE  
DISADVANTAGES, RESULTING FROM ECONOMIC CONDITIONS, WHICH BAR  
PRIVATE INDUSTRY FROM SATISFYING A VITAL NEED, BY BROADENING THE  
MARKET FOR PRIVATE HOMES AND FOR HOUSING FOR PERSONS AND

1 FAMILIES OF LOW AND MODERATE INCOME, INCLUDING THE ELDERLY,  
2 THROUGH THE PROVISION OF SPECIALIZED FINANCING SECURED BY  
3 MORTGAGES TO CORPORATIONS, INDIVIDUALS, JOINT VENTURES,  
4 PARTNERSHIPS, LIMITED PARTNERSHIPS, TRUSTS, COOPERATIVES AND  
5 CONDOMINIUMS, WHICH ARE UNABLE TO OBTAIN SUCH FINANCING IN THE  
6 GENERAL MARKET OR WHO ARE UNABLE TO PARTICIPATE IN SPECIALIZED  
7 FEDERAL HOUSING PROGRAMS BECAUSE OF LACK OF AVAILABLE FEDERAL  
8 FUNDS, AND THROUGH COOPERATION WITH AND ASSISTANCE TO THE  
9 PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS AS SUCH DEPARTMENT  
10 CARRIES INTO EFFECT THE POWERS AND DUTIES VESTED IN IT, THUS  
11 IMPROVING AND STIMULATING THE DISTRIBUTION OF INVESTMENT CAPITAL  
12 FOR HOUSING AND NEIGHBORHOOD REVITALIZATION PROJECTS. SUCH  
13 PURPOSES ARE PUBLIC PURPOSES FOR WHICH PUBLIC MONEY MAY BE  
14 SPENT.

15 SECTION 2. SECTION 202 OF THE ACT, AMENDED DECEMBER 16, 1986  
16 (P.L.1666, NO.189), IS AMENDED TO READ:

17 SECTION 202. AGENCY MEMBERSHIP.--THE MEMBERS OF THE AGENCY  
18 SHALL BE THE SECRETARY OF COMMUNITY AFFAIRS, THE STATE  
19 TREASURER, THE SECRETARY OF COMMERCE AND THE SECRETARY OF  
20 BANKING, AND THE RESPECTIVE SUCCESSORS IN OFFICE OF EACH OF THEM  
21 [AND SIX], ONE MEMBER APPOINTED BY THE MAJORITY LEADER OF THE  
22 SENATE, ONE MEMBER APPOINTED BY THE MINORITY LEADER OF THE  
23 SENATE, ONE MEMBER APPOINTED BY THE MAJORITY LEADER OF THE HOUSE  
24 OF REPRESENTATIVES, ONE MEMBER APPOINTED BY THE MINORITY LEADER  
25 OF THE HOUSE OF REPRESENTATIVES AND THREE ADDITIONAL MEMBERS  
26 WHOM THE GOVERNOR SHALL APPOINT. ONE OF THE MEMBERS OF THE  
27 AGENCY APPOINTED BY THE GOVERNOR [WITH THE ADVICE AND CONSENT OF  
28 THE SENATE] SHALL BE A REPRESENTATIVE OF A COMMUNITY-BASED  
29 NONPROFIT GROUP WHICH ASSISTS LOW-INCOME AND MODERATE-INCOME  
30 INDIVIDUALS IN HOUSING MATTERS AND ONE SHALL BE A BUILDER OR A

1 REPRESENTATIVE OF A STATEWIDE BUILDERS ORGANIZATION. ANNUALLY AT  
2 THE FIRST MEETING HELD DURING THE CALENDAR YEAR, THE MEMBERS  
3 SHALL ELECT ONE OF THE MEMBERS TO SERVE AS CHAIRPERSON. [THE  
4 MEMBERS INITIALLY APPOINTED SHALL SERVE FOR TERMS OF ONE, TWO,  
5 THREE, FOUR, FIVE AND SIX YEARS, RESPECTIVELY, THE PARTICULAR  
6 TERM OF EACH TO BE DESIGNATED BY THE GOVERNOR AT THE TIME OF  
7 APPOINTMENT.] THE TERMS OF ALL THEIR SUCCESSORS SHALL BE SIX  
8 YEARS EACH, EXCEPT THAT ANY PERSON APPOINTED TO FILL A VACANCY  
9 SHALL SERVE ONLY FOR THE UNEXPIRED TERM. [EVERY MEMBER'S TERM  
10 SHALL EXTEND UNTIL HIS SUCCESSOR IS APPOINTED AND QUALIFIED.]  
11 ANY APPOINTMENT MADE BY THE GOVERNOR OF A MEMBER OF THE AGENCY  
12 MADE HEREFTER SHALL BE SUBJECT TO THE ADVICE AND CONSENT OF A  
13 MAJORITY OF ALL THE MEMBERS OF THE SENATE. ANY APPOINTED MEMBER  
14 OF THE AGENCY SHALL BE ELIGIBLE FOR REAPPOINTMENT. THE MEMBERS  
15 OF THE AGENCY SHALL NOT RECEIVE COMPENSATION FOR THEIR SERVICES  
16 AS MEMBERS, BUT SHALL RECEIVE REIMBURSEMENT FOR ALL NECESSARY  
17 EXPENSES INCURRED IN CONNECTION WITH THE PERFORMANCE OF THEIR  
18 DUTIES AS MEMBERS. A MEMBER WHO FAILS TO ATTEND MEETINGS FOR  
19 THREE CONSECUTIVE MONTHS SHALL FORFEIT HIS SEAT UNLESS THE  
20 CHAIRPERSON OF THE AGENCY, UPON WRITTEN REQUEST FROM THE MEMBER,  
21 FINDS THAT THE MEMBER SHOULD BE EXCUSED FROM A MEETING BECAUSE  
22 OF ILLNESS OR THE DEATH OF AN IMMEDIATE FAMILY MEMBER. MEMBERS  
23 APPOINTED BY THE MAJORITY LEADER AND THE MINORITY LEADER OF THE  
24 SENATE AND THE MAJORITY LEADER AND THE MINORITY LEADER OF THE  
25 HOUSE OF REPRESENTATIVES SHALL SERVE AT THE PLEASURE OF THE  
26 APPOINTING AUTHORITY.

27 SECTION 3. SECTION 205(7) OF THE ACT, amended December 5,  
28 1972 (P.L.1259, No.282), is amended and the section is amended  
29 by adding clauses to read:

30 Section 205. Agency Powers.--The agency shall have the

1 following powers:

2 \* \* \*

3 (7) In accordance with the provisions of this act, or in  
4 conjunction with Federal law or a Federal program, to make  
5 commitments to purchase and to purchase, service and sell  
6 mortgages, and to make loans directly upon the security of  
7 mortgages.

8 \* \* \*

9 (20) To invest in, pledge capital to, lease, own, manage or  
10 develop housing projects and programs in the furtherance of the  
11 purposes set forth in this act, individually, as a shareholder,  
12 stockholder, partner, equity participant or joint venturer.

13 ~~(21) To form subsidiary corporations under the for profit or~~ <—  
14 ~~not for profit corporation laws of the Commonwealth for the~~  
15 ~~purpose of owning or developing housing in this Commonwealth.~~

16 (21) TO FORM CORPORATIONS UNDER THE NOT-FOR-PROFIT LAWS OF <—  
17 THIS COMMONWEALTH FOR THE PURPOSE OF OWNING OR DEVELOPING LOW-  
18 INCOME AND MODERATE-INCOME HOUSING AND HOUSING FOR PERSONS WITH  
19 DISABILITIES, THE ELDERLY OR OTHER PERSONS WITH SPECIAL NEEDS.  
20 ANY SUCH CORPORATION SHALL BE SUBJECT TO THE SAME OVERSIGHT AND  
21 AUDITING REQUIREMENTS WHICH ARE APPLICABLE TO THE AGENCY UNDER  
22 THIS ACT.

23 Section 2 4. Section 207 of the act is amended to read: <—

24 Section 207. Agency Audits and Reports.--The accounts and  
25 books of the agency, including its receipts, disbursements,  
26 contracts, mortgages, investments and other matters relating to  
27 its finances, operations and affairs, shall be examined and  
28 audited from time to time by the Auditor General as provided in  
29 The Fiscal Code. Within sixty days after the end of each fiscal  
30 year of the agency, or as soon thereafter as practical, the

1 agency shall file an annual financial statement consisting at  
2 least of a balance sheet, profit-and-loss statement and general  
3 report of operations with the Governor, the Auditor General and  
4 the General Assembly.

5 Section 3 5. Section 402-A(d) and (f) of the act, added <—  
6 December 5, 1972 (P.L.1259, No.282), are amended to read:

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

8 (d) Use of Nondistributed Profits. Whenever a mortgagor  
9 accumulates earned surplus in addition to such reserves for  
10 replacement as the agency may require, in excess of ten per cent  
11 of the current annual rent roll for the project, the agency may  
12 require rents in the project [shall] to be reduced to the extent  
13 necessary to lower the earned surplus accumulation to such ten  
14 per cent figure in the following fiscal year.

15 \* \* \*

16 (f) Nondiscrimination. The agency shall require that  
17 occupancy of all housing financed or otherwise assisted under  
18 this act be open to all persons regardless of race, national  
19 origin, religion, gender, handicap or disability, family <—  
20 FAMILIAL status or creed, SUBJECT ONLY TO SUCH EXCEPTIONS <—  
21 ALLOWABLE BY LAW, and that mortgagors, contractors and  
22 subcontractors engaged in the construction, rehabilitation, sale  
23 or rental of such housing, shall provide equal opportunity for  
24 employment without discrimination as to race, national origin,  
25 religion, gender, handicap or disability, family FAMILIAL status <—  
26 or creed, SUBJECT ONLY TO SUCH EXCEPTIONS ALLOWABLE BY LAW. <—

27 \* \* \*

28 Section 4 6. Sections 401-B and 402-B of the act, added <—  
29 December 31, 1981 (P.L.594, No.176), are amended to read:

30 Section 401-B. General Statement.--The agency is hereby

1 authorized to make or purchase loans or mortgages by contract  
2 with lending institutions to finance the purchase, construction,  
3 improvement or rehabilitation of owner-occupied single-family  
4 residences pursuant to the provisions of the Mortgage Subsidy  
5 Bond Tax Act of 1980 (Public Law 96-499) or any Federal tax  
6 legislation or program which may be a successor to the act or  
7 which may be similar to the act. The agency may acquire, and  
8 contract and enter into advance commitments to acquire by  
9 assignment or otherwise, loans secured by insurance or by  
10 mortgages owned by lending institutions or participations  
11 therein at such purchase price and upon such other terms as the  
12 agency shall determine. The agency may make and execute  
13 contracts with lending institutions for the origination and  
14 servicing of such loans and pay the value of services rendered  
15 under such contracts.

16 Section 402-B. Allocation of Loans.--[(a) The agency shall  
17 geographically allocate the proceeds of any qualified mortgage  
18 bond issue, authorized by section 501-A.1, in the following  
19 manner:

20 (1) Fifty (50) percent of the proceeds shall be allocated  
21 among municipalities, except for municipalities electing local  
22 issuance pursuant to section 501-A.1, in a manner reasonably  
23 proportional to the distribution of the population of housing  
24 units.

25 (2) Fifty (50) percent of the proceeds shall be allocated  
26 among municipalities, except for municipalities electing local  
27 issuance pursuant to section 501-A.1, in a manner reasonably  
28 proportional to the distribution of the market value of  
29 residential property.

30 (3) Municipalities to which proceeds shall be allocated

1 include counties, groups of counties, and cities of fifty  
2 thousand (50,000) or greater population.

3 (4) Municipalities electing local issuance pursuant to  
4 section 501-A.1, shall be allocated a portion of the State  
5 ceiling for aggregate annual issuance, determined pursuant to  
6 the Mortgage Subsidy Bond Tax Act of 1980, equivalent to the  
7 portion of the proceeds of any qualified mortgage bond issue  
8 which would be allocated to such municipalities, under this  
9 section, if they did not elect local issuance: Provided, That  
10 any municipality which issued mortgage subsidy bonds prior to  
11 January 1, 1981 shall be allocated a portion of the State  
12 ceiling in an amount as described herein, or in an amount at  
13 least equal to the average yearly amount of mortgage subsidy  
14 bonds issued in the municipality during the three (3) years  
15 immediately prior to the enactment of this act, whichever is  
16 greater. The annual ceilings for municipalities electing local  
17 issuance shall be recommended by the agency and proclaimed by  
18 the Governor which allocations may be amended from time to time.

19 (5) If six (6) months following issuance of any qualified  
20 mortgage bonds, the agency determines that it cannot distribute  
21 the proceeds in the manner set forth in this subsection, the  
22 agency may reallocate the proceeds in a manner designed to meet  
23 State housing policy objectives.

24 (6) If six (6) months after the amount allocation the agency  
25 determines a reallocation would better achieve State housing  
26 policy objectives, the agency may recommend and the Governor may  
27 proclaim an amended allocation plan.

28 (b) The agency shall annually, by resolution adopted by the  
29 board, allocate the aggregate borrowing authority assigned to  
30 the agency pursuant to the Mortgage Subsidy Bond Tax Act of



1 1980, into the following categories of loans:

2 (1) Sixty (60) percent of the allocation shall be used to  
3 purchase mortgages for newly constructed homes and existing  
4 homes.

5 (2) Thirty-five (35) percent of the allocation shall be used  
6 to purchase mortgages to rehabilitate residences or for home  
7 improvement loans which qualify for FHA Title I insurance or  
8 successor programs or for home improvement loans which are  
9 authorized to be made by Pennsylvania regulated financial  
10 institutions.

11 (3) Five (5) percent of the allocation shall be used for  
12 home energy efficiency improvement loans which qualify for FHA  
13 Title I insurance or successor programs including, but not  
14 limited to, solar hot water heating and home weatherization. The  
15 distribution of proceeds into these categories need not be made  
16 separately for each municipality allocated loans pursuant to  
17 this section.

18 (c) The agency shall develop appropriate standards and  
19 procedures to ensure that all loans made with the proceeds of  
20 any qualified mortgage bond issued by the agency are made in a  
21 manner which encourages community conservation and promotes  
22 local land use planning objectives.

23 (d) The agency shall develop appropriate standards and  
24 procedures to implement the targeted area requirements of the  
25 Mortgage Subsidy Bond Tax Act of 1980.

26 (e) The agency shall specify standards, criteria and  
27 procedures to be employed in selecting eligible mortgagors for  
28 loans made with the proceeds of any qualified mortgage bond  
29 issued by the agency.

30 (f) The agency may enter into agreements with county or city

1 housing authorities, residential finance authorities,  
2 redevelopment authorities, or other suitable governmental  
3 entities to assist in the administration of this article with  
4 respect to loans allocated to the municipality within the  
5 jurisdiction of the authority or governmental entity.

6 (g) The agency and any municipality electing local issuance  
7 shall contract with lending institutions to make loans with the  
8 proceeds of qualified mortgage bonds. The agency and any  
9 municipality electing local issuance may acquire and contract  
10 and enter into advance commitments to acquire by assignment or  
11 otherwise, loans secured by insurance or by mortgages made or  
12 owned by lending institutions or participations therein. The  
13 agency and any municipality electing local issuance shall make  
14 and execute contracts with lending institutions for the  
15 origination and servicing of such loans and pay the value of  
16 services rendered under such contracts.] (a) The agency shall  
17 geographically allocate the proceeds of any qualified mortgage  
18 bond issue in accordance with rules and regulations promulgated  
19 by the agency. Such rules shall be designed to encourage maximum  
20 use and equitable distribution of proceeds of bond issues  
21 throughout this Commonwealth.

22 (b) The agency shall develop appropriate standards and  
23 procedures to implement the targeted area requirements of any  
24 relevant Federal tax or Federal housing legislation.

25 (c) The agency shall specify standards, criteria and  
26 procedures to be employed in selecting eligible mortgagors for  
27 loans made with the proceeds of any qualified mortgage bond  
28 issued by the agency.

29 (d) The agency may enter into agreements with county or city  
30 housing authorities, residential finance authorities,

1 redevelopment authorities or other suitable governmental  
2 entities to assist in the administration of this article with  
3 respect to loans allocated to the municipality within the  
4 jurisdiction of the authority or governmental entity.

5 (e) The agency and any municipality engaging in local  
6 issuance, as authorized by section 501-A, may contract with  
7 lending institutions to make loans with the proceeds of  
8 qualified mortgage bonds. The agency and any municipality  
9 electing local issuance may acquire and contract and enter into  
10 advance commitments to acquire by assignment or otherwise, loans  
11 secured by insurance or by mortgages made or owned by lending  
12 institutions or participations therein. The agency and any  
13 municipality electing local issuance may make and execute  
14 contracts with lending institutions for the origination and  
15 servicing of such loans and pay the value of services rendered  
16 under such contracts.

17 Section 5 7. Section 401-C(a) of the act, amended May 31, <—  
18 1984 (P.L.364, No.73), is amended by adding a clause to read:

19 Section 401-C. General Authority.--(a) The Pennsylvania  
20 Housing Finance Agency, hereinafter referred to as the "agency,"  
21 may make loans secured by liens on residential real property  
22 located in Pennsylvania to residents of Pennsylvania eligible  
23 for such loans as described in this article. For the purpose of  
24 this article, the term "mortgage" shall include any obligation  
25 evidenced by a security document and secured by a lien upon real  
26 property located within this Commonwealth including, but not  
27 limited to, a deed of trust and land sale agreement. The term  
28 shall also include an obligation evidenced by a security lien on  
29 real property upon which an owner-occupied mobile home is  
30 located. The provisions of this article shall not be applicable

1 if:

2 \* \* \*

3 (5) The mortgagor is more than thirty-six (36) months  
4 delinquent or in default for more than thirty-six (36) months,  
5 pursuant to the terms of mortgagor's residential mortgage. This  
6 requirement shall mean that if the mortgagor is more than  
7 thirty-six (36) consecutive or nonconsecutive months in arrears  
8 on the residential mortgage in question, no matter what the  
9 reason therefor, the agency shall not be authorized to make any  
10 loans hereunder to such mortgagor.

11 \* \* \*

12 Section ~~6~~ 8. Section 403-C of the act is amended by adding a <—  
13 subsection to read:

14 Section 403-C. Notice Requirements.--\* \* \*

15 (f) Notwithstanding any other provisions of this section, a  
16 mortgagee shall not be required to send the uniform notice  
17 provided in subsection (b) to any mortgagor who is more than  
18 thirty-six (36) months delinquent or in default for more than  
19 thirty-six (36) months, pursuant to the terms of mortgagor's  
20 residential mortgage with mortgagee. This requirement shall mean  
21 that if the mortgagor is more than thirty-six (36) consecutive  
22 or nonconsecutive months in arrears on the residential mortgage  
23 in question, no matter what the reason therefor, he shall be  
24 ineligible to receive the notice in subsection (b).

25 Section ~~7~~ 9. Section 404-C(b) of the act, amended or added <—  
26 December 23, 1983 (P.L.385, No.91) and May 31, 1984 (P.L.364,  
27 No.73), is amended and subsection (a) is amended by adding a  
28 clause to read:

29 Section 404-C. Eligibility for Assistance.--(a) No  
30 assistance may be made with respect to a mortgage under this

1 article unless all of the following are established:

2 \* \* \*

3 (12) The mortgagor is not more than thirty-six (36) months  
4 delinquent or in default for more than thirty-six (36) months  
5 pursuant to the terms of mortgagor's residential mortgage. This  
6 requirement shall mean that if the mortgagor is more than  
7 thirty-six (36) consecutive or nonconsecutive months in arrears  
8 on the residential mortgage in question, no matter what the  
9 reason therefor, he shall be ineligible for assistance.

10 (b) Upon a determination that the conditions of eligibility  
11 described in subsection (a) have been met by a mortgagor and  
12 money is available in the Homeowner's Emergency Mortgage  
13 Assistance Fund, the mortgagor shall become eligible for the  
14 assistance described in section 405-C. If the agency determines  
15 that a mortgagor has not met the conditions of eligibility  
16 described in subsection (a), the mortgagor shall be prohibited  
17 from reapplying for assistance under this article for a period  
18 of [six (6)] twenty-four (24) months from the date of such  
19 determination unless there is a material change in  
20 circumstances: Provided, however, That nothing in this  
21 subsection shall prohibit any mortgagee from commencing legal  
22 action to enforce the mortgage without any further restriction  
23 or requirement under this article whenever the agency determines  
24 that the mortgagor is ineligible for assistance as provided in  
25 this section.

26 Section & 10. Section 411-C of the act is repealed. <—

27 Section & 11. Section 501-A.1 of the act, added December 31, <—  
28 1981 (P.L.594, No.176), is amended to read:

29 Section 501-A.1. Qualified [Mortgage] Housing Bonds.--(a)  
30 The agency shall have the power and is hereby authorized from

1 time to time by resolution of the members, and subject to the  
2 written approval by the Governor, to issue qualified [mortgage]  
3 housing bonds and notes, pursuant to the Mortgage Subsidy Bond  
4 Tax Act of 1980, and subsequent amendments, or any Federal tax  
5 legislation or program which authorizes Federal tax exemption  
6 for bonds issued to provide housing. The agency may issue such  
7 bonds or notes in such principal amounts, as [is] permitted by  
8 Federal law and the act of December 20, 1985 (P.L.483, No.113),  
9 known as the "Tax-Exempt Bond Allocation Act," and [is] as are  
10 in the opinion of the agency, necessary to provide sufficient  
11 funds for the Owner Occupied Residential Mortgage Program  
12 authorized by Article IV.-B and the Rental Housing Program  
13 authorized by Article IV.-A. These bonds and notes shall be  
14 issued, to the extent permitted by [the Mortgage Subsidy Bond  
15 Tax Act of 1980] Federal law, in conformity with all other  
16 provisions of Article V.-A.

17 (b) In determining the limitation on the aggregate amount of  
18 qualified [mortgage] housing bonds issued during any calendar  
19 year, [as provided by section 103(g) of the Mortgage Subsidy  
20 Bond Tax Act of 1980] which are eligible for exemption from  
21 Federal taxation under Federal law, the total State ceiling  
22 shall be completely allocated to the agency for its programs  
23 under Article IV.-B, except for amounts allocated to  
24 municipalities electing local issuance.

25 (c) [Mortgage] Qualified housing bonds may be locally issued  
26 by election of any of the following entities [upon notification  
27 to the agency] which may apply to the agency for the allocation  
28 of local authority for the purpose of issuing housing bonds  
29 subject to annual volume cap:

30 (1) Cities of the first, second and second class A and

1 cities of the third class with a population of fifty thousand  
2 (50,000) or greater.

3 (2) Counties of the second class.

4 (3) Any other municipality which by itself or through an  
5 authority prior to January 1, 1981, issued mortgage subsidy  
6 bonds.

7 (4) Any county or city housing authorities, redevelopment  
8 authorities or residential finance authorities within the  
9 jurisdiction of any of the above and with the approval of the  
10 incorporating municipality.

11 [The municipality] (d) A qualified entity authorized to  
12 issue bonds hereunder may use any part or all of its allocation  
13 hereunder by designating an authority in clause (4) of  
14 subsection (c) as its agent for a mortgage program. An election  
15 for local issuance may be made by any other municipality, upon  
16 recommendation of the agency and with the approval of the  
17 Governor, if the agency determines that local issuance will  
18 result in loans being made at rates significantly lower than  
19 those available from the agency, or will result in substantial  
20 reductions in administrative costs, or will allow more effective  
21 integration of State, Federal and local housing assistance  
22 programs, not available through cooperation with the agency. A  
23 municipality electing local issuance may issue amounts equal to  
24 the portion of the State ceiling allocated to the municipality  
25 by the agency and the Governor pursuant to section 402-B. If in  
26 the judgment of the agency, it will not issue bonds in the total  
27 amount available to it in any calendar year as prescribed in  
28 subsection (b), any excess availability within the State ceiling  
29 may be reallocated by resolution adopted by the agency board to  
30 any of the entities authorized to issue mortgage bonds under

1 this act.

2 SECTION 12. THE REDUCTION IN THE NUMBER OF APPOINTMENTS TO <—  
3 THE PENNSYLVANIA HOUSING FINANCE AGENCY BY THE GOVERNOR SHALL BE  
4 ACCOMPLISHED AS FOLLOWS:

5 (1) ANY POSITION WHICH WOULD BE FILLED BY AN APPOINTMENT  
6 OF THE GOVERNOR WHICH IS VACANT ON THE EFFECTIVE DATE OF THIS  
7 ACT IS HEREBY ABOLISHED.

8 (2) ANY POSITION WHICH WOULD BE FILLED BY AN APPOINTMENT  
9 OF THE GOVERNOR WHICH ON THE EFFECTIVE DATE OF THIS ACT IS  
10 OCCUPIED BY A PERSON SERVING UNTIL A SUCCESSOR IS APPOINTED  
11 IS HEREBY ABOLISHED.

12 Section ~~12~~ 13. This act shall take effect immediately. <—