

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS.

RESOLUTION OF THE CITY COUNCIL

No. 178

Approved March 13, 1986

RESOLVED, That the Providence City Council endorses passage, at the 1986 Session of the General Assembly, of "An Act Authorizing the Creation of the Providence Neighborhood Assistance Corporation."

(Draft of Act Appended)

IN CITY COUNCIL

MAR 6 1986

READ AND PASSED

Louis R. Stewart ACTING PRES.
Robert M. Anderson CLERK

APPROVED
MAR 13 1986
[Signature]

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STATE OF RHODE ISLAND
IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 1986

A N A C T

AUTHORIZING THE CREATION OF THE
PROVIDENCE HOUSING AND MORTGAGE FINANCE CORPORATION

Introduced By:

Date Introduced:

Referred By:

It is enacted by the General Assembly as follows:

Section 1. Title 45 of the general laws of 1956, as amended, is hereby further amended by adding thereto the following chapter:

"CHAPTER 48

"Providence Housing and Mortgage Finance Corporation Act

"45-48-1. Short title. - This Chapter shall be known and may be cited as the "Providence housing and mortgage finance corporation act."

"45-48-2. Legislative findings. - It is hereby found and declared as follows: there exists a serious shortage of safe and sanitary residential housing in the city available to persons and families of low and moderate income; such condition is conducive to disease, crime, environmental decline and poverty and impairs the economic value of large areas, which are characterized by depreciated value, impaired investments, and reduced capacity to pay taxes and is a menace to the health, safety, morals and welfare of the citizens of the city; such condition results in a loss of population and further deterioration accompanied by added costs to communities for creation of new public facilities and services elsewhere; it is difficult and uneconomic for individual owners independently to remedy such condition; it is desirable to encourage joint efforts to clear, replan, rehabilitate, and reconstruct such areas; it is necessary to create inducements and opportunities for private and public investment in such activities in such areas with appropriate planning, land use and construction policies; such activities on a large scale are necessary for the public welfare and are public uses and purposes for which private property may be acquired; one major cause of this

condition has been recurrent shortages of funds from private sources; such shortages have contributed to reductions in construction of new residential units, and have made the sale and purchase of existing residential units a virtual impossibility in certain parts of the city; that hospital and other health care services provided at reasonable cost are of vital concern to the health, safety and welfare of the people of the city and that existing hospitals and other health care facilities are no longer adequate to meet the needs of modern medical care; the ordinary operations of private enterprise have not in the past corrected these conditions; the reduction in residential and health care facility construction has caused substantial unemployment and under-employment in the construction industry which results in hardships, wastes, human resources, increases the public assistance burdens of the city, impairs the security of family life, impedes the economic and physical development of the city and adversely affects the welfare, health and prosperity of all the people of the city; a stable supply of adequate funds for residential and health care facility financing is required to encourage new housing and health care facilities in an orderly and sustained manner and thereby to reduce the aforesaid results; it is necessary to create a city housing and mortgage finance corporation to encourage the investment of private capital and stimulate the construction and rehabilitation of residential housing and health care facilities through the use of public financing, to provide construction and mortgage loans and to make provision for the purchase of mortgage loans and otherwise; it is further necessary that said corporation be provided with the power to acquire and operate housing projects on an individual or partner-

ship basis in order to meet the housing demands of the city; and all of the foregoing are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned or granted.

"45-48-3. Definitions. - The following words and terms, unless the context clearly indicates a different meaning, shall have the following respective meanings:

(a) "Bonds, notes and other obligations" or "bonds, bond anticipation notes or other obligations" means any bonds, notes, debentures, interim certificates or other evidences of financial indebtedness issued by the corporation pursuant to this chapter;

(b) "Corporation" means the housing and mortgage finance corporation created by this chapter.

(c) "Energy saving improvements" means improvements for the purpose of promoting energy savings or efficiency with respect to residential housing and shall include, but not be limited to, the installation or upgrading of ceiling, wall, floor, and duct insulation, storm windows and doors, caulking and weatherstripping, solar, passive or other alternative energy sources, hot water heaters, heating or cooling systems and such other improvements of a like or similar nature as may from time to time be determined by the corporation;

(d) "Federally insured mortgage" means a mortgage loan for land development or residential housing or health care facilities insured or guaranteed by the United States or a governmental agency or instrumentality thereof, or a commitment by the United States or a governmental agency or instrumentality thereof to insure such a mortgage;

(e) "Federal mortgage" means a mortgage loan for land development or residential housing or health care facility made by the United States or a governmental agency or instrumentality thereof or for which there is a commitment by the United States or a governmental agency or instrumentality thereof to make such a mortgage loan;

(f) "Governmental agency or instrumentality" means any department, division, public corporation, public agency, political subdivision or other public instrumentality of the state, the federal government, any other state or public agency, or any two (2) or more thereof;

(g) "Health care facilities" means real property (or a lease of the fee of real property) located in the city and improved by building structures or other improvements, including fixtures and equipment, constituting a facility providing services by or under the supervision of a physician or, in the case of a dental clinic or dental dispensary, of a dentist, for the prevention, diagnosis or treatment of a human disease, pain, injury, deformity or physical condition or constituting a facility providing to occupants nursing care to sick, invalid, infirm disabled or convalescent persons in addition to lodging and board or health-related service or providing nursing care and health-related service to persons who are not occupants of the facilities, or unimproved if the proceeds of an eligible mortgage shall be used for the purpose of erecting such buildings, structures or other improvements;

(h) "Housing development" or "housing project" means any work or undertaking, whether new construction or rehabilitation, constituting a single family and multi-family residence including

without limitation a mobile home, which is designed and financed pursuant to the provisions of this chapter for the primary purpose of providing sanitary, decent and safe dwelling accommodations for persons and families of low or moderate income in need of housing; such undertaking may include any buildings, land, equipment, facilities or other real or personal properties which are necessary, convenient, or desirable in connection therewith, including but not limited to streets, sewers, utilities, parks, site preparation, landscaping and such stores, offices, and other nonhousing facilities such as administrative, community, health, recreational, education, commercial and welfare facilities as the corporation determines to be necessary, convenient or desirable;

(i) "Housing development costs" means the sum total of all costs incurred in the development of a housing development or housing project, which are approved by the corporation as reasonable and necessary, which costs shall include, but are not necessarily, limited to:

(1) Cost of land acquisition and any buildings thereon, including payments for options, deposits, or contracts to purchase properties on the proposed housing project or housing development site or payments for the purchase of such properties;

(2) Cost of site preparation, demolition and clearing;

(3) Architectural, engineering, legal, accounting, corporation and other fees paid or payable in connection with the planning, execution and financing of the housing development and the finding of an eligible mortgagee or mortgagees for such housing development;

(4) Cost of necessary studies, surveys, plans and permits;

(5) Insurance, interest, financing, tax and assessment costs and other operating and carrying costs during construction.

(6) Cost of construction, rehabilitation, reconstruction, fixtures furnishings, equipment, machinery, apparatus and similar facilities related to the real property;

(7) Cost of land improvements, including without limitation, landscaping and off-site improvements, whether or not such costs have been paid in cash or in a form other than cash;

(8) Necessary expenses in connection with initial occupancy of the housing development or housing project;

(9) A reasonable profit and risk fee in addition to job overhead to the general contractor and if applicable a limited profit housing sponsor;

(10) An allowance established by the corporation for working capital and contingency reserves, and reserves for any anticipated operating deficits during construction and for the first two (2) years of occupancy; and

(11) The cost of such other items, including tenant relocation, as the corporation shall determine to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction;

(j) "Housing sponsor," "health care sponsor" or "sponsor" means individuals, joint ventures, partnerships, limited partnerships, trusts, firms, associations, or other legal entities or any combination thereof corporations, cooperatives and condominiums, approved by the corporation as qualified either to own, construct, acquire, rehabilitate operate, manage or maintain a

housing development, housing project or residential housing or health care facilities whether for profit, nonprofit or organized for limited profit subject to the regulatory powers of the corporation and other terms and conditions set forth in this chapter;

(k) "Land development" means the process of acquiring land primarily for residential housing construction for persons and families of low and moderate income, or for construction of health care facilities, and making, installing or constructing nonresidential housing or health care facility improvements, including water, sewer and other utilities, roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the corporation deems necessary or desirable to prepare such land primarily for residential housing or health care facility construction within the city;

(i) "Mortgage" means a mortgage deed, deed of trust, security agreement or other instrument which shall constitute a lien on real property in fee simple or on a leasehold under a lease having a remaining term, at the time such mortgage is acquired, which does not expire for at least that number of years beyond the maturity date of the obligation secured by such mortgage as is equal to the number of years remaining until the maturity date of such obligation and on related personal property constituting the housing development or housing project;

(m) "Mortgage lender" means any bank or trust company, Federal National Mortgage Association approved mortgage banker, savings bank, savings and loan association, industrial bank, credit union, national banking association, federal savings and

loan association or federal credit union or other financial institutions or governmental agencies which are eligible to provide service or otherwise aid in the financing of mortgages on single family residential housing or multifamily residential housing or health care facilities located in the city;

(n) "Mortgage loan" means an interest bearing obligation secured by a mortgage on land and improvements in the state constituting a housing development or housing project or health care facility;

(o) "Municipality" means any city, town or other political subdivision of the state;

(p) "Multifamily residential housing" means residential housing consisting of five (5) or more family units;

(q) "Persons and families of low and moderate income" means persons and families irrespective of race, creed, national origin or sex deemed by the corporation to require such assistance as is made available by this act on account of insufficient personal or family income, taking into consideration, without limitation, such factors as;

(1) The amount of the total income of such persons and families available for housing needs,

(2) The size of the family,

(3) The cost and condition of housing facilities available,

(4) The eligibility of such persons and families for federal housing assistance of any type predicated upon a low income basis or upon the basis of the age of such persons,

(5) The ability of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary

housing, and deemed by the corporation therefore to be eligible to occupy residential housing constructed and financed, wholly or in part, with insured construction loans and insured mortgages, or with other public or private assistance;

(r) "Real property" means all lands including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or equitable, therein, including terms of years and liens by way of judgment, mortgage or otherwise and the indebtedness secured by such liens;

(s) "Residential housing" means a specific work or improvement within this city whether in single family or multi-family units undertaken primarily to provide dwelling accommodations for persons and families of low and moderate income and for the elderly, including the acquisition, construction or rehabilitation of land, buildings and improvements thereto, and such other nonhousing facilities as may be incidental or appurtenant thereto;

(t) "Single family residential housing" means residential housing consisting of four (4) or fewer family units;

(u) "State" means the state of Rhode Island and Providence Plantations and "city" means the City of Providence; and

(v) "Earned surplus" shall have the same meaning as in generally accepted accounting standards.

"45-48-4. Creation of corporation - Composition - Personnel Compensation. - (a) There is hereby authorized the creation and establishment of a public corporation of the city, having a distinct legal existence from the city and not constituting a department of the city government, with such politic and corporate

powers as are set forth in this chapter to be known as the "Providence housing and mortgage finance corporation" to carry out the provisions of this chapter within the City of Providence. The corporation is hereby constituted a public instrumentality exercising public and essential governmental functions, and the exercise by the corporation of the powers conferred by this chapter shall be deemed and held to be the performance of an essential governmental function of the city. It is the intent of the general assembly by the passage of this chapter to authorize the incorporation of a public corporation and instrumentality and agency of the city for the purpose of carrying on the activities hereinafter authorized, and to vest such corporation with all powers, authority, rights, privileges and titles that may be necessary to enable it to accomplish such purposes. This chapter shall be liberally construed in conformity with the purpose expressed.

(b) The powers of the corporation shall be vested in five (5) commissioners; consisting of the director of planning and development, or his or her designee, and four (4) members to be appointed by the mayor who shall among them be experienced in all aspects of housing design, development, finance, management and state and municipal finance. On or before July 1, 1986, the mayor shall appoint one member to serve until the first day of July, 1987 and until his or her successor is appointed and qualified, one member to serve until the first day of July, 1988, and until his or her successor is appointed and qualified, one member to serve until the first day of July, 1989 and until his or her successor is appointed and qualified, one member to serve until the first day of July, 1990 and until his or her successor

is appointed and qualified. During the month of June, 1986, and during the month of June, annually thereafter, the governor shall appoint a member to succeed the member whose term will then next expire to serve for a term of four years commencing on the first day of July then next following and until his or her successor is appointed and qualified. A member shall be eligible to succeed himself or herself. The mayor shall designate members of the corporation to serve as chairman and vice chairman. Any member of the corporation may be removed by the mayor for misfeasance, malfeasance or willful neglect of duty.

(c) The commissioners shall elect from among their number such officers (other than chairman or vice chairman) as they may determine including a secretary and a treasurer. Meetings shall be held at the call of the chairman or whenever two commissioners so request. Three commissioners of the corporation shall constitute a quorum and any action taken by the corporation under the provisions of this chapter may be authorized by resolution approved by a majority of the commissioners present at any regular or special meeting. No vacancy in the membership of the corporation shall impair the right of a quorum to exercise all the rights and perform all the duties of the corporation.

(d) Commissioners shall receive no compensation for the performance of their duties hereunder but each such commissioner shall be reimbursed for his or her reasonable expenses incurred in carrying out such duties under this chapter.

(e) Notwithstanding the provisions of any other law, no officer or employee of the city shall be deemed to have forfeited or shall forfeit his or her office or employment by reason of his or her acceptance of membership of the corporation or his or her service thereto.

(f) The commissioners shall employ an executive director who shall also be the secretary and who shall administer, manage and direct the affairs and business of the corporation, subject to the policies, control and direction of the commissioners. The commissioners may employ technical experts and such other officers, agents and fix their qualifications, duties and compensation. The executive director and such technical experts, officers, agents and attorneys so employed shall not be subject to the provisions of the classified service. The commissioners may employ other employees, permanent and temporary, and such employees shall be subject to the provisions of the classified service. The commissioners may delegate to one or more of its agents or employees such administrative duties as it may deem proper.

(g) The secretary shall keep a record of the proceedings of the corporation and shall be custodian of all books, documents and papers filed with the corporation and of its minute book and seal. The secretary shall have authority to cause to be made copies of all minutes and other records and documents of the corporation and to give certificates under the seal of the corporation to the effect that such copies are true copies and all persons dealing with corporation may rely upon such certificates.

(h) Before entering into his duties, each commissioner of the corporation shall execute a surety bond in the penal sum of fifty thousand dollars (\$50,000) and the executive director shall execute a surety bond in the penal sum of one hundred thousand dollars (\$100,000) or, in lieu thereof, the chairman of the corporation shall execute a blanket bond covering each commissioner,

the executive director and the employees or other officers of the corporation, each surety bond to be conditioned upon the faithful performance of the duties of the office or offices covered, to be executed by a surety company authorized to transact business in this state as surety and filed in the office of the city clerk. The cost of each such bond shall be paid by the corporation.

(i) Notwithstanding any other law to the contrary it shall not be or constitute a conflict of interest for a director, officer or employee of any financial institution, investment banking firm, brokerage firm, commercial bank or trust company, architecture firm, insurance company or any other firm, person or corporation to serve as a member of the corporation. If any commissioner, officer or employee of the corporation shall be interested either directly or indirectly, or shall be a director, officer or employee of or have an ownership interest in any firm or corporation interested directly or indirectly in any contract with the corporation, including any loan to any housing sponsor or health care sponsor, such interest shall be disclosed to the corporation and shall be set forth in the minutes of the corporation and the commissioner, officer, or employee having such interest therein shall not participate on behalf of the corporation in the authorization of any such contract.

"45-48-5. General powers. - The corporation shall have all of the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter; including, but without limiting the generality of the foregoing, the power to:

- (1) Sue and be sued in its own name;
- (2) Have an official seal and to alter the same at pleasure;
- (3) Have perpetual succession;

(4) Maintain an office or offices in the city of Providence;

(5) Adopt and from time to time amend and repeal by-laws, rules and regulations, not inconsistent with this chapter, to carry into effect the powers and purposes of the corporation and the conduct of its business, and such by-laws, rules and regulations may contain provisions indemnifying any person who is or was a commissioner, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a commissioner, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in the manner and to the extent provided in §7-1.1-4.1.

(6) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter;

(7) Acquire real or personal property, or any interest therein, on either a temporary or long term basis in its own name by gift, purchase, transfer, foreclosure, lease or otherwise, including right or easements in property; to hold, sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property or any interest therein; to hold, sell, assign or otherwise dispose of any mortgage interest owned by it or under its control, custody or in its possession; and to release or relinquish any right, title, claim, lien, interest, easement or demand however acquired, including any equity or right of redemption in property foreclosed by it and to do any of the foregoing by public or private sale, with or without public bidding, notwithstanding the provisions of any other law;

(8) To enter into agreements or other transactions with and accept grants and the cooperation of the United States or any

governmental agency or instrumentality thereof or of the city or state or any governmental agency or instrumentality thereof in furtherance purposes of this chapter, including but not limited to the development, maintenance, operation and financing of any housing development, housing project or health care facility and to do any and all things necessary in order to avail itself of such aid and cooperation.

(9) To make contracts with the state or any governmental agency thereof, municipalities and counties of the state, the federal government, public corporations or bodies and private corporations or individuals;

(10) To receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of this chapter subject to such conditions upon which such grants and contributions may be made, including, but not limited to gifts or grants from any governmental agency or instrumentality of the United States or this state or city for payment of rent supplements to eligible persons or families or for the payment in whole or in part of the interest expense for a housing development, housing project or health care facility or for any other purpose consistent with this chapter;

(11) To provide, contract or arrange for consolidated processing of any aspect of a housing development, housing project or health care facility in order to avoid duplication thereof by either undertaking such processing in whole or in part on behalf of any governmental agency, or instrumentality of the United States or of this state or city, or, in the alternative, to delegate such processing in whole or in part to any such governmental agency or instrumentality;

(12) To stimulate environmental planning for housing for persons of low and moderate income in order to enhance opportunities of such persons for self-development and employment;

(13) To employ architects, engineers, attorneys, accountants, housing construction and financial experts and such other advisors, consultants and agents as may be necessary in its judgment and to fix their compensation;

(14) To procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable;

(15) Subject to any agreement with bondholders or noteholders, to invest monies of the corporation not required for immediate use, including proceeds from the sale of any bonds or notes, in such securities, obligations, time or other deposit accounts as shall be permitted by law for investment or deposit of state funds by the general treasurer;

(16) To include in any borrowing such amounts as may be deemed necessary by the corporation to pay financing charges, interest on such obligations for such period as the corporation shall permit, consultant advisory and legal fees, and such other expenses as are necessary or incident to such borrowing;

(17) Subject to any agreements with bondholders or noteholders, to purchase bonds or notes of the corporation out of any funds or money of the corporation available therefor, and to hold, cancel or resell such bonds or notes;

(18) To make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effectuate its corporate purposes;

(19) To make and execute contracts with mortgage bankers or other financial institutions in this state for the servicing of mortgages acquired by the corporation pursuant to this chapter, and to pay the reasonable value of services rendered to the corporation pursuant to these contracts;

(20) Subject to any agreement with bondholders or noteholders, to renegotiate, refinance or foreclose, or contract for the foreclosure of, any mortgage in default; to waive any default or consent to the modification of the terms of any mortgage; to commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract or other agreement, and to bid for and purchase such property at any foreclosure or at any other sale, or acquire or take possession of any such property; to operate, manage, lease, dispose of, and otherwise deal with such property, in such manner as may be necessary to protect the interest of the corporation and the holders of its bonds, notes and other obligations.

(21) To borrow money and issue bonds and notes or other evidences of indebtedness thereof as hereinafter provided;

(22) Subject to any agreement with bondholders or noteholders to consent to any modification with respect to rate of interest, time and payment of any installment of principal or interest security or any other term of any contract, mortgage, mortgage loan, mortgage loan commitment, contract or agreement of any kind to which the corporation is a party;

(23) To procure or agree to the procurement of insurance or guarantees from the federal government or any governmental agency or instrumentality thereof, or from any private insurance company, of the payment of any bonds or notes or any other evidences

of indebtedness thereof issued by the corporation including the power to pay premiums on any such insurance;

(24) To insure long-term mortgage loans made by mortgage lenders approved by the corporation to eligible housing sponsors as determined by the corporation. The corporation may establish such terms and conditions as it deems necessary for the supervision of the holders of corporation insured loans and for its insurance program, including the maximum amount which may be insured, maximum interest rates, down payment requirements, refinancing terms, insurance premium requirements and remedies on default or foreclosure;

(25) To make temporary loans, with or without interest, to eligible housing sponsors of single-family residential housing units to be owned and occupied by such sponsor to defray down payment costs and charges on mortgage loans purchased or made by the corporation;

(26) To make and undertake to make any and all contracts and agreements, including the payment of fees, with mortgage lenders in this state for assistance rendered the corporation.

(27) Subject to any agreement with bondholders or noteholders, to purchase and make commitments for the purchase of, to invest in, and dispose of securities or other obligations issued by mortgage lenders to finance residential housing for persons and families of low and moderate income, including but not limited to securities or other obligations payable from, backed by or otherwise evidencing an interest in mortgages securing mortgage loans to finance residential housing for persons and families of low and moderate income.

(28) To the extent permitted under its contract with the holders of bonds, bond anticipation notes and other obligations, to enter into contracts with any mortgagor containing provisions enabling such mortgagor to reduce the rental or carrying charges to families of persons unable to pay the regular schedule of charges for housing where, by reason of other income or payment from any department, agency or instrumentality of the United States or this state or city, such reductions can be made without jeopardizing the economic stability of housing being financed;

(29) To do any and all things necessary or convenient to carrying out its purposes and exercise the powers given and granted in this chapter.

"45-48-6. Powers relative to making loans. - The corporation shall have all the powers necessary or convenient to carry out and effectuate the purpose and provisions of this chapter, including the following powers in addition to other herein granted;

(a) Make, undertake commitments to make and participate in the making of mortgage loans, including without limitation federally insured mortgage loans and to make temporary loans and advances in anticipation of permanent mortgage loans to housing sponsors or health care sponsors to finance the construction or rehabilitation of or installation of energy saving improvements to, residential housing designed and planned for occupancy primarily by persons and families of low and moderate income or health care facilities upon the terms and conditions set forth in §45-48-9;

(b) Make, undertake commitments to make and participate in the making of mortgage loans to persons of low or moderate income who may purchase residential housing, including without limita-

tion persons and families of low and moderate income who are eligible or potentially eligible for federally insured mortgage loans or federal mortgage loans. Such loans shall be made only after a determination by the corporation that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) Make, undertake commitments to make and participate in the making of loans to persons of low or moderate income for the purpose of making energy saving improvements to residential housing. Any loan made pursuant to this paragraph may be secured by a mortgage or otherwise shall be repaid, shall bear interest and shall be upon such terms and conditions as may be determined by the corporation;

(d) Make and publish rules and regulations respecting the grant of mortgage loans pursuant to this chapter, the regulations of borrowers, the admission of tenants and other occupants to housing developments pursuant to this chapter, and the construction of ancillary commercial facilities;

(e) Enter into agreements and contracts with housing sponsors or health care sponsors under the provisions of this chapter;

(f) Institute any action or proceeding against any housing sponsor or health care sponsor or persons and families of low and moderate income receiving a loan under the provisions hereof, or owning any housing development hereunder in any court of competent jurisdiction in order to enforce the provisions of this chapter or the terms and provisions of any agreement or contract between the corporation and such recipients of loans under the provisions hereof, or to foreclose its mortgage, or to protect

the public interest, the occupants of the housing development, or the stockholders or creditors, if any, of such sponsor. In connection with any such action or proceeding it may apply for the appointment of a receiver to take over, manage, operate and maintain the affairs of such housing sponsor or health care sponsor and the corporation through such agent as it shall designate is hereby authorized to accept the appointment of such receiver of any such sponsor when so appointed by a court of competent jurisdiction. In the event of the reorganization of any housing sponsor or health care sponsor to the extent possible under the provisions of law, such reorganization shall be subject to the supervision and control of the corporation, and no such, reorganization shall be had without the prior written consent of the corporation. In the event of a judgment against any housing sponsor or health care sponsor in any action not pertaining to the foreclosure of a mortgage, there shall be no sale of any of the real property included in any housing development, housing project or health care facilities hereunder of such sponsor except upon sixty (60) days' written notice to the corporation. Upon receipt of such notice the corporation shall take such steps as in its judgment may be necessary to protect the right of all parties.

(g) Make, undertake commitments to make and participate in the making of mortgage loans to persons of low or moderate income for the purpose of improving septic systems and wells on their residential property to substantially comply with standards as set by the department of environmental management and/or the Department of Health. Any loan made pursuant to this paragraph may be secured by a mortgage or otherwise shall be repaid, shall

bear interest, and shall be upon such terms and conditions as may be determined by the corporation.

"45-48-7. Powers relative to purchase of and sale to mortgage lenders of loans--Loans to mortgage lender.--The corporation shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter, including the following powers in addition to others herein granted:

(a) To invest in, purchase or to make commitments to purchase, and take assignments from mortgage lenders, of notes and mortgages evidencing loans for the construction, rehabilitation, installation of energy saving improvements to, purchase, leasing or refinancing of housing for persons and families of low and moderate income or health care facilities in this city upon the terms set forth in § 45-48-10;

(b) To make loans to mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the making of new residential mortgages or health care facilities upon the terms set forth in § 45-48-10;

(c) To make commitments to purchase, and to purchase, service and sell federally insured mortgages, and to make loans directly upon the security of any such mortgage, provided the underlying mortgage loans shall have been made and shall be continued to be used solely to finance or refinance the construction, rehabilitation, purchase or leasing of residential housing for persons and families of low and moderate income or health care facilities in this city;

(d) To sell, at public or private sale, with or without public bidding, any mortgage or other obligation held by the corporation;

(e) Subject to any agreement with bondholders or note-holders, to collect, enforce the collection of, and foreclose on any collateral securing its loans to mortgage lenders and acquire or take possession of such collateral and sell the same 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 corporation therein.

"45-48-7.1. Powers relative to acquisition and operation of housing projects.--The corporation shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter, including the following powers in addition to others herein granted:

(a) To acquire on either a temporary or long-term basis, in its own name, from any person, joint venture, partnership, trust, association, firm corporation, municipality, municipal agency or entity, governmental agency, housing sponsor, or other legal entity or combination thereof by grant, purchase, transfer, foreclosure or otherwise, housing projects or any interest therein or any option therein, and to sell, assign, exchange, transfer, mortgage or encumber housing projects or any interest therein and to accomplish any of the foregoing by public or private sale, with or without public bidding, notwithstanding the provisions of other laws;

(b) To own, hold, clear and improve, in its own name, housing projects or any interest therein;

(c) To construct, reconstruct, rehabilitate, improve, alter, repair or provide for the construction, reconstruction, improvement, alteration or repair of any housing project;

(d) To operate, manage and control housing projects, in its own name, and to do all things necessary and incidental to the ownership thereof, including making rules and regulations in respect thereto;

(e) To lease, with or without an option to purchase, all or any part of a housing project to any person, firm, partnership, trust, joint venture, association, municipal or state entity or corporation. Such lease may provide for the assumption by the lessee of the management and control of the housing project, as well as the right of the lessee to collect all revenues accruing thereto;

(f) To finance the acquisition and operation of housing projects in accordance with the provisions of this chapter; provided, however, that prior to the corporation issuing any obligations, it makes the findings as provided in subdivisions (a), (b) and (d) of § 45-48-12;

(g) To enter into all agreements and contracts with third parties, including owners, residents, housing sponsors and tenants of housing projects, necessary to accomplish the purposes of this section, including the power to enter into leases, joint ventures, reverse annuity agreements, sales agreements, equity participation agreements and mortgage agreements; and

(h) To enter into partnership agreements as a general or limited partner with any housing sponsor as a general or limited partner; such partnerships may exercise any and all of the powers granted to partnerships under the laws of this state, as well as exercise all of the rights, duties and privileges of a housing sponsor under the provisions of this chapter.

"45-48-8. Supervision of housing sponsors and health care sponsors.--The corporation shall have the power to supervise housing sponsors of multi-family residential housing units and single family residential housing units designed by such sponsor for occupancy primarily by persons and families of low and moderate income or sponsors of health care facilities and their real and personal property in the following respects:

(a) The corporation may prescribe uniform systems of accounts and records for housing sponsors and health care sponsors and may require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this chapter;

(b) Through its agents or employees, the corporation may enter upon and inspect the lands, buildings and equipment of a housing sponsor or health care sponsor, including all parts thereof, and may examine all books and records with reference to capital structure, income, expenditures and other payments of a housing sponsor or health care sponsor;

(c) The corporation may supervise the operation and maintenance of any housing development, housing project or health care facilities, and may order such repairs as may be necessary to protect the public interest or the health, welfare or safety of the housing development or housing project occupants or health care facility user;

(d) The corporation may fix, and alter from time to time, a schedule of charges for any housing development, housing project or health care facility;

(e) The corporation may determine standards for, and may control resident selection by a housing sponsor or health care sponsor;

(f) The corporation may require any housing sponsor or health care sponsor to pay to the corporation such fees as it may prescribe in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor;

(g) The corporation may order any housing sponsor or health care sponsor to do, or to refrain from doing, such things as may be necessary to comply with the provisions of law, the rules and regulations of the corporation, and the terms of any contract or agreement to which the housing sponsor or health care sponsor may be a party;

(h) The corporation may regulate the retirement of any capital investment or the redemption of stock where any such retirement or redemption when added to any dividend or other distribution shall exceed in any one (1) fiscal year ten percent (10%) (or such lesser amount as may be determined by the rules and regulations of the corporation) of the original face amount of any investment or equity in any housing sponsor or health care sponsor;

(i) The corporation may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development or housing project or health care facility. The corporation shall require any housing sponsor or health care sponsor to certify the actual housing development or health care facility costs upon completion of the housing development or health care facility, subject to audit and determination by the corporation. Notwithstanding the provisions of this subdivision, the corporation may accept, in lieu of any certification of housing development or health care facility costs as provided herein, such other assurances of said housing

development or health care facility costs, in any form or manner whatsoever, as will enable the corporation to determine with reasonable accuracy the amount of said housing development or health care facility costs.

"45-48-9. Terms and conditions of loans.--Mortgage and other loans made by the corporation to housing sponsors of multifamily residential housing units or health care facilities shall be subject to the following terms and conditions:

(1) No application for a loan for a housing development or health care facility shall be processed unless the applicant is a housing sponsor or health care facility sponsor as defined in § 45-48-3;

(2) The ratio of loan to total housing development or health care facility, cost and the amortization period of loans made under this chapter which are insured by any agency or instrumentality of the United States government shall be governed by such mortgage insurance commitment for each housing development or health care facility; but in no event shall such amortization period exceed fifty (50) years; in the case of a mortgage loan not insured by an agency or instrumentality of the United States government, the amount of the loan to (1) nonprofit housing sponsors shall not exceed one hundred percent (100%) of the total housing development cost as determined by the corporation, and (2) other housing sponsors and health care sponsors shall not exceed ninety-five percent (95%) of the total development cost as determined by the corporation, and the amortization period of such loan shall be determined in accordance with regulations formulated and published by the corporation, but in no event shall such amortization period exceed fifty (50) years;

(3) A loan made hereunder may be prepaid to maturity after a period of years as determined by the rules and regulations of the corporation, provided the corporation finds that the prepayment of the loan will not result in a material escalation of rents charged to the persons and families of low and moderate income occupying the housing development or charges to the persons using the health care facilities;

(4) The corporation shall have authority to set from time to time the interest rates at which it shall make loans and commitments therefor. Such interest rates shall be established by the corporation at the lowest level consistent with the corporation's cost of operation and its responsibilities to the holders of its bonds, bond anticipation notes and other obligations. In addition to such interest charges, the corporation may make and collect such fees and charges, including but not limited to reimbursement of the corporation's financing costs, service charges, insurance premiums and mortgage insurance premiums, as the corporation determined to be reasonable;

(5) In considering any application for a loan to finance a housing development or housing project, the corporation shall determine that such housing developments will be well planned and well designed; and shall also give consideration to:

(a) The comparative need for housing for persons and families of low and moderate income in the area to be served by the proposed development;

(b) The ability of the applicant sponsor to construct, operate, manage and maintain the proposed housing development;

(c) The existence of zoning or other regulations to adequately protect the proposed housing development against detri-

mental future uses which could cause undue depreciation in the value of the development;

(d) The existence of federal and city-wide housing, land use and pollution abatement plans and programs;

(e) A detailed plan of security proposed for the safety of the inhabitants of any development hereinafter constructed within the City of Providence;

(6) In considering any application for a loan to finance health care facilities, the corporation shall give consideration to:

(a) The availability of health care facilities presently located or to locate in the area;

(b) The ability of the sponsor to meet the health needs of the inhabitants of the area and to operate, manage and maintain the proposed health care facilities;

(c) The regulations of the state to standards of construction and design and equipment of health care facilities of the type proposed to be financed;

(7) Each mortgage loan shall contain such terms and provisions and be in such form as approved by the corporation. The corporation shall require the housing sponsor or health care sponsor receiving a loan or its contractor to post labor and materials surety bonds, and construction performance surety bonds in amounts related to the housing development or health care facility cost as established by regulation of the corporation and to execute such other assurances and guarantees as the corporation may deem necessary;

(8) Each loan shall be subject to an agreement between the corporation and the housing sponsor which will subject said spon-

sor and its principals or stockholders if any, to limitations established by the corporation as to rentals and other charges, builders' and developers' profits and fees, and the disposition of its property and franchise to the extent more restrictive limitations are not provided by the law under which the borrower is incorporated or organized or by this chapter;

(9) As a condition of the loan, the corporation shall have the power at all times during the construction or rehabilitation of a housing development or housing project by a housing sponsor or of health care facilities by a health care sponsor and the operation thereof:

(a) To enter upon and inspect any housing development or housing project or health care facility, including all parts thereof, for the purpose of investigating the physical and financial condition thereof, and its construction, rehabilitation, operation, management and maintenance, and to examine all books and records of the housing sponsor or health care sponsor with respect to capitalization, income and other matters relating thereto and to make such charges as may be required to cover the cost of such inspections and examinations;

(b) To order such alterations, changes or repairs as may be necessary to protect the security of its investment in a housing development, housing project or health care facility or the health, safety, and welfare of the occupants or users thereof and to insure that the housing development or health care facility is or has been constructed or rehabilitated in conformity with all applicable federal, state and local building codes;

(c) To order any managing agent, housing development or health care facility manager or owner of a housing development or

health care facility, or sponsors thereof, to do such acts as may be necessary to comply with the provisions of all applicable laws, ordinances or building codes or any rule or regulation of the corporation or the terms of any agreement concerning said development or facilities or to refrain from doing any acts in violation thereof and in this regard the corporation shall be a proper party to file a complaint and to prosecute thereon for any violations of law, ordinances or building codes as set forth herein;

(d) A housing sponsor may not make distributions of income or earnings from a housing development or housing project financed by the corporation in any one (1) year in excess of six percent (6%) (or such higher or lower percent as shall be prescribed by rules and regulations of the corporation) of such housing sponsor's equity in such development nor shall any of the principals or stockholders of such housing sponsor at any time earn, accept or receive a return greater than six percent (6%) per annum (or such higher or lower percent as shall be prescribed by rules and regulations of the corporation) of his investment in any housing development financed by the corporation. Such sponsor's equity in a housing development shall consist of the difference between the corporation assisted mortgage loan and the total housing development cost. With respect to every housing development assisted by the provisions of the chapter the corporation shall, pursuant to regulations adopted by it, establish such sponsor's equity at the time of the making of the final mortgage advance and, for purposes of this paragraph, such figure shall remain constant during the life of the corporation's mortgage on such development;

(e) Whenever any housing sponsor accumulates earned surplus, in addition to such reserves as the corporation may require for maintenance, operation and replacement in excess of ten percent (10%) of the initial annual rent roll for the housing development, rents in the housing development shall be reduced to the extent necessary to lower the earned surplus accumulation to such ten percent (10%) figure in the following fiscal year. Every five (5) years the housing sponsor may seek the approval of the corporation for increases in said reserves. To the extent warranted the corporation may grant such approval if in its judgment there have been increased price levels or unusual maintenance and repayment requirements;

(f) The corporation may provide by rules and regulations for the terms and conditions of mortgage loans to housing sponsors of single family residential housing units or health care facilities and the supervision of such housing sponsors or health care sponsor.

"45-48-10. Terms and conditions of the purchase and sale to mortgage lender of loans -- Loans to mortgage lenders. --

(a) No obligation purchased from a mortgage lender shall be eligible for purchase or commitment to purchase by the corporation hereunder unless at or before the time of transfer to the corporation such mortgage lender certifies that in its judgment the loan would in all respects be a prudent investment for its own account.

(b) The corporation shall purchase mortgage loans at a purchase price equal to the outstanding principal balance, provided, however, that a discount from the principal balance or the payment of a premium may be employed to effect a fair rate of re-

turn, as determined by the rate of return on comparable investments under market conditions existing at the time of purchase. In addition to the aforesaid payment of outstanding principal balance the corporation shall pay the accrued interest due thereon, on the date the loan or obligation is delivered against payment therefor.

(c) Loans purchased or sold hereunder may include but shall not be limited to loans which are insured, guaranteed or assisted by the United States or a governmental agency or instrumentality thereof or for which there is a commitment by the United States or a governmental agency or instrumentality thereof to insure, guaranty or assist such loan.

(d) The corporation shall from time to time adopt, modify or repeal rules and regulations governing the making of loans to mortgage lenders and the purchase and sale of mortgage loans and the application of the proceeds thereof, including rules and regulations as to any or all of the following:

(1) Procedures for the submission of requests or the invitation of proposals for the purchase and sale of mortgage loans or for loans to mortgage lenders;

(2) Limitations or restrictions as to the number of family units, location or other qualification or characteristics of residences to be financed by such mortgage loans;

(3) Restrictions as to the interest rates on such mortgage loans or the return realized therefrom by mortgage lenders;

(4) Requirements as to commitments by mortgage lenders with respect to the application of the proceeds of such purchase or loan;

(5) Schedules of any fees and charges necessary to provide for expenses and reserves of the corporation; and

(6) Any other matters related to the duties and the exercise of the powers of the corporation under this section.

Such rules and regulations shall be designed to effectuate the general purposes of this chapter and the following specific objectives:

(i) the expansion of the supply of funds in the city available for mortgage loans for residential housing for occupancy by persons and families of low and moderate income;

(ii) provision of the additional housing needed to remedy the shortage of adequate housing in the city and eliminate the existence of a large number of substandard dwellings; and

(iii) the restriction of the financial return and benefit on such mortgage loans to that level necessary to protect against the realization by mortgage lenders of a financial return or benefit in excess of prevailing market conditions.

(e) The corporation may from time to time make loans to mortgage lenders so as to furnish, as rapidly as possible, funds to mortgage lenders for eligible mortgages.

(f) Loans to mortgage lenders shall be general obligations of the respective mortgage lenders owing the same and shall bear such date or dates, shall mature at such time or times, shall be evidenced by such note, bonds or other certificate of indebtedness, shall be subject to prepayment, and shall contain such other provisions consistent with this section, all as the corporation shall by resolution determine.

(g) Any other provision of this chapter to the contrary notwithstanding, the interest rate or rates and other terms of the

loans to mortgage lenders made from the proceeds of any issue of bonds of the corporation shall be at least sufficient so as to assure the payment of said bonds and the interest thereon as the same become due from the amounts received by the corporation in repayment of such loans and interest thereon.

(h) The corporation shall require as a condition of each loan to a mortgage lender that such mortgage lender shall on or prior to the one hundred-eightieth day (or such earlier day as shall be prescribed by rules and regulations of the corporation) following the receipt of the loan proceeds have entered into written commitments to make, and shall thereafter proceed as promptly as practicable to make and disburse from such loan proceeds, eligible mortgages in an aggregate principal amount equal to the amount of such loan.

(i) The corporation shall require that such loans to mortgage lenders shall be additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security in such amounts as the corporation shall by resolution determine to be necessary to assure the payment of such loans and the interest thereon as the same become due. Such collateral security shall consist of:

(1) direct obligations of, or obligations guaranteed by, the United States of America;

(2) bonds, debentures, notes or other evidences of indebtedness, satisfactory to the agency, issued by any of the following federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Export-Import Bank of Washington, Federal Land Banks, the Federal National Mortgage Association or the Government National Mortgage Association;

(3) direct obligations of or obligations guaranteed by the state; or

(4) mortgages insured or guaranteed by the United States of America or an instrumentality thereof as to payments of principal and interest;

(5) mortgages secured by real estate on which there is located single family residential housing and which is insured by a mortgage guaranty insurance company licensed to do business by the state and approved by the corporation;

(6) uninsured mortgages secured by real estate on which there is located single family residential housing; or

(7) such other obligations and securities as the corporation shall by resolution determine to be necessary to assure the payment of such loans and the interest thereon as the same become due.

The corporation may require in the case of any or all mortgage lenders that such collateral be lodged with a bank or trust company located in the state designated by the corporation as custodian therefor. In the absence of such requirement a mortgage lender shall upon receipt of the loan proceeds from the corporation enter into an agreement with the corporation containing such provisions as the corporation shall deem necessary to adequately identify and maintain such collateral and service the same and shall provide that such mortgage lender shall hold such collateral as an agent for the corporation and shall be held accountable as the trustee of an express trust for the application and disposition thereof and the income therefrom solely to the uses and purposes in accordance with the provisions of such agreement. A copy of each such agreement and any revisions or

supplements thereto shall be filed with the city clerk and no further filing of other action under chapter 9 of title 6A entitled the uniform commercial code-secured transactions or any other law of the state shall be required to perfect the security interest of the corporation in such collateral or any additions thereto or substitutions therefor, and the lien and trust for the benefit of the corporation so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against such mortgage lender. The corporation may also establish such additional requirements as it shall deem necessary with respect to the pledging, assigning, setting aside, or holding of such collateral and the making of substitutions therefor or additions thereto and the disposition of income and receipts therefrom.

(j) The corporation shall require the submission to it by each mortgage lender to which the corporation has made a loan of evidence satisfactory to the corporation of the making of eligible mortgages as required by this section and prescribed by rules and regulations of the corporation and in connection therewith may inspect the books and records of such mortgage lender.

(k) The corporation may require as a condition of any loans to mortgage lenders such representations and warranties as it shall determine to be necessary to secure such loans and carry out the purposes of the chapter.

(l) All eligible mortgages made as required by this section shall comply with the applicable provisions of the laws of the state, and, where federal law or the law of another jurisdiction governs the affairs of the mortgage lender, shall comply with applicable provisions of such law.

(m) Compliance by any mortgage lender with the terms of this section and its undertaking to the corporation with respect to the making of eligible mortgages may be enforced by decree of the superior court for the county of Providence. The corporation may require as a condition of any loan to any mortgage lender the consent of such mortgage lender to the jurisdiction of the superior court for the county of Providence over any such proceeding. The corporation may also require agreement by any mortgage lender, as a condition of the loan to such mortgage lender, to the payment of penalties to the corporation for violation by the mortgage lender of any provision of this section or its undertaking to the corporation with respect to the making of eligible mortgages, and such penalties shall be recoverable at the suit of the corporation.

(n) If at any time the corporation shall determine that an adequate supply of funds exists in regular banking channels for eligible mortgages, the corporation shall discontinue the making of loans to mortgage lenders until such time as the corporation may subsequently determine that the supply of funds available for eligible mortgages is again inadequate.

(o) For purpose of this section, the term "eligible mortgage" means a loan made by a mortgage lender and secured by a mortgage upon residential property, health care facilities or housing for the elderly; provided that each such mortgage loan shall be made by the corporation to such mortgage lender pursuant to this section of the chapter.

"45-48-11. Admission and income limitations relative to housing developments. -- (a) Admission to housing developments financed or insured by corporation mortgage loans or by the pro-

ceeds of mortgage loans purchased by the corporation or the proceeds of a loan to a mortgage lender or financed by the proceeds of obligations issued by the corporation pursuant to the provisions of this chapter shall be limited primarily to persons or families of low and moderate income.

(b) The corporation shall approve a residential selection plan submitted by a housing sponsor for a housing development to be financed pursuant to the provisions of this chapter. The corporation shall make and publish regulations from time to time governing the terms of such resident selection plans. Such plans shall include criteria for resident selection which establish income limits for eligible residents which may vary with the size and circumstances of the person or family. Subject to the approval of the corporation, resident selection plans may provide with respect to dwelling accommodations that any local housing authority created pursuant to the Rhode Island law in the city shall have the right to designate residents, who are otherwise eligible for such accommodations as they become available, either in the initial occupancy of the housing development or as vacancies thereafter occur.

(c) The corporation shall by rules and regulations provide for the periodic examination of the income of any person or family residing in any housing development financed with a loan from the corporation.

"45-48-12. Procedure prior to financing of housing developments undertaken by housing sponsors. --

Notwithstanding any other provision of this chapter, the corporation is not empowered to finance any housing development undertaken by a housing sponsor pursuant to §§45-48-6 and 45-48-7

unless, prior to the financing of any housing development hereunder, the corporation finds:

(a) That there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development.

(b) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary housing in such housing market area at rentals or prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by such persons or families.

(c) That the housing sponsor or sponsors undertaking the proposed housing development in this city will supply well planned, well designed housing for persons or families of low and moderate income and that such sponsors are financially responsible institutions.

(d) That the housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit.

(e) That the housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by this chapter.

"45-48-13. Bonds and notes. -- (a)(1) The corporation shall have power and is hereby authorized to issue from time to time its negotiable notes and bonds in such principal amount as the corporation shall determine to be necessary to provide sufficient funds for achieving any of its corporate purposes including the payment of interest on notes and bonds of the corporation, estab-

lishment of reserves to secure such notes and bonds including the reserve funds created pursuant to § 45-48-14, and all other expenditures of the corporation incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) The corporation shall have the power, from time to time to issue (i) notes to renew notes and (ii) bonds to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes.

(3) Except as may otherwise be expressly provided by resolution of the corporation, every issue of its notes and bonds shall be general obligations of the corporation payable out of any revenues or moneys of the corporation, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

(b) The notes and bonds shall be authorized by resolution or resolutions of the corporation, shall bear such date or dates and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than sixty-five (65) years from the date of its issue. The bonds may be issued as serial bonds payable in annual installments or as term bonds or as a combination thereof. The notes and bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places within or without the state and be subject to such terms or redemption as

such resolution or resolutions may provide. The notes and bonds of the corporation may be sold by the corporation, at public or private sale, at such price or prices as the corporation shall determine.

"45-48-14. Reserve funds and appropriations. - (1) The corporation may create and establish one or more special funds (herein referred to as "capital reserve funds"), and shall pay into each such capital reserve fund (a) any moneys appropriated and made available by the state or city for the purpose of such fund, (b) any proceeds of sale of notes or bonds to the extent provided in the resolution or resolutions of the corporation authorizing the issuance thereof, and (c) any other moneys which may be made available to the corporation for the purpose of such fund from any other source or sources. All moneys held in any capital reserve fund, except as hereinafter provided, shall be used, as required, solely from the payment of the principal of bonds secured in whole or in part by such fund or of the sinking fund payments hereinafter mentioned with respect to such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided, however, that moneys in such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the minimum capital reserve requirement established for such fund as hereinafter provided except for the purpose of making with respect to bonds secured in whole or in part by such fund payment when due, of principal, interest, redemption premiums and the sinking fund payments hereinafter mentioned for the payment of which other moneys of the corporation are not available. Any income or in-

terest earned by, or incremental to, any capital reserve fund due to the investment thereof may be transferred by the corporation to other funds or accounts of the corporation to the extent it does not reduce the amount of the capital reserve fund below the minimum capital reserve fund requirement for such fund.

(2) The corporation shall not at any time issue bonds secured in whole or in part by a capital reserve fund, if upon the issuance of such bonds, the amount in such capital reserve fund will be less than the minimum capital reserve fund requirement for such fund, unless the corporation at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds so to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the minimum capital reserve fund requirement for such fund; provided, however, the corporation by resolution may permit the issuance of bonds to provide loans to mortgage lenders pursuant to subsection (e) of §45-48-10 without complying with the foregoing limitation. For the purposes of this section, the term "Minimum capital reserve fund requirement" shall mean, except to the extent the corporation by resolution may modify such term with respect to bonds issued to finance loans to mortgage lenders pursuant to subsection (e) of §45-48-10, as of any particular date of computation an amount of money, as provided in the resolution or resolutions of the corporation authorizing the bonds or notes with respect to which such fund is established, equal to not more than the greatest of the respective amounts, for the current or any future fiscal year of the corporation, of annual debt service on the bonds of the corporation secured in whole or in part by such fund, such annual debt service for any fiscal

year being the amount of money equal the aggregate of (a) all interest payable during such fiscal year on all bonds secured in whole or in part by such fund outstanding on the date of computation plus (b) the principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year, plus (c) all amounts specified in any resolution of the authority authorizing any of such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, all calculated on the assumption that such bonds will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due and application in accordance with the resolution authorizing those bonds of all of such sinking fund payments payable at or after said date of computation.

(3) In computing the amount of the capital reserve funds for the purpose of this section, securities in which all or a portion of such funds shall be invested shall be valued at par or if purchased at less than par, at their cost to the corporation.

(4) To assure the continued operation and solvency of the corporation for the carrying out of its corporate purposes, provision is made in subsection (1) of this section for the accumulation in each such capital reserve fund of any amount equal to the minimum capital reserve fund requirements for such fund; provided, however, the foregoing computation shall not apply to bonds issued to fund loans to mortgage lenders pursuant to subsection (e) of § 45-48-10. In order further to assure such maintenance of the capital reserve funds, the chairman of the corporation shall annually, on or before December 1st. make and deliver to the mayor his certificate stating the sum, if any, re-

quired to restore each such capital reserve fund to the minimum capital reserve fund requirement for such fund. The mayor shall submit to the City Council printed copies of a budget including the sum, if any, required to restore each such capital reserve fund to the minimum capital reserve fund requirement for such fund. All sums appropriated by the City Council, if any, and paid to the corporation shall be deposited by the corporation in the applicable capital reserve fund.

(5) All amounts paid over to the corporation by the city pursuant to the provisions of this section shall constitute and be accounted for as advances by the city to the corporation and, subject to the rights of the holders of any bonds or notes of the corporation theretofore or thereafter issued, shall be repaid to the city without interest from all available operating revenues of the corporation in excess of amounts required for the payments of bonds, notes or other obligations of the corporation, the capital reserve funds and operating expenses.

(6) The corporation shall create and establish such other fund or funds as may be necessary or desirable for its corporate purposes.

"45-48-15. Issuance of refunding obligations. - The corporation may provide for the issuance of refunding obligations for the purpose of refunding any obligations then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such obligations and for any corporate purpose of the corporation. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the rights, du-

ties and obligations of the corporation in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of obligations, insofar as such provisions may be appropriate therefor.

"45-48-16. Sale of refunding obligations. - Refunding obligations issued as provided in § 45-48-15 may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of such outstanding obligations. Pending the application of the proceeds of any such refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of such refunding obligations or in the trust agreement securing the same, to the payment of any interest on such refunding obligations and any expenses in connection with such refunding, such proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America which shall mature or which shall be subject to redemption by the holders thereof, at the option of such holders, not later than the respective dates when the proceeds, together with the interest accruing thereon, will be required for the purposes intended.

"45-48-17. Remedies of bondholders and noteholders. - (a) In the event that the corporation shall default in the payment of principal of or interest on any bonds or notes issued under this chapter after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a

period of thirty (30) days, or in the event that the corporation shall fail or refuse to comply with the provisions of this chapter, or shall default in any agreement made with the holders of an issue of bonds or notes of the corporation, the holders of twenty-five per centum (25%) in aggregate principal amount of bonds or notes of such issue then outstanding, by instrument or instruments filed in the office of the city clerk and provided or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds, or notes for the purposes herein provided.

(b) Such trustee may, and upon written request of the holders of twenty-five per centum (25%) in principal amount of such bonds or notes then outstanding shall, in his or its own name:

(1) enforce all rights of the bondholders or noteholders, including the right to require the corporation to collect interest and amortization payments on the mortgages held by it adequate to carry out any agreement as to, or pledge of, such interest and amortization payments, and to require the corporation to carry out any other agreements with the holders of such bonds or notes and to perform its duties under this chapter;

(2) enforce all rights of the bondholders or noteholders, including the right to collect and enforce the payment of principal of and interest due or becoming due on loans to mortgage lenders and collect and enforce any collateral securing such loans or sell such collateral, so as to carry out any contract as to, or pledge of revenues, and to require the corporation to carry out and perform the terms of any contract with the holders of such bonds or notes or its duties under this chapter;

(3) bring suit upon all or any part of such bonds or notes;

(4) by action or suit, require the corporation to account as if it were the trustee of an express trust for the holders of such bonds or notes;

(5) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes;

(6) declare all such bonds or notes due and payable and if all defaults shall be made good then with the consent of the holders of twenty-five percent (25%) of the principal amount of such bonds or notes then outstanding, to annul such declaration and its consequences.

(c) Such trustee shall in addition to the foregoing have and possess all the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

(d) Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty (30) days' notice in writing to the mayor and to the corporation.

(e) The superior court of Providence county shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of bondholders or noteholders.

"45-48-18. Pledge of the state. - The state does hereby pledge to and agree with the holders of any notes or bonds issued under this chapter that the state will not limit or alter the rights hereby vested in the corporation to fulfill the terms of any agreements made with the said holders thereof or in any way impair the rights and remedies of such holders until such notes and bonds, together with the interest thereon, with interest on

any unpaid instalments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The corporation is authorized to include this pledge and agreement with the holders of such notes or bonds.

"45-48-19. Credit of state or city not pledged. - Obligations issued under the provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of the state or of any political subdivision thereof, including the city, or a pledge of the faith and credit of the state or of any such political subdivision, including the city, but shall be payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter shall contain on the face thereof a statement to the effect that the corporation shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state or of any political subdivision thereof, including the city, is pledged to the payment of the principal of or the interest on such obligation.

"45-48-20. Notes and bonds as legal investments. - The notes and bonds of the corporation shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on

a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the city or state, may properly and legally invest funds, including capital, in their control or belonging to them. The notes and bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state or city is now or may hereafter be authorized by law.

"45-48-21. Advisory committee. - To assist the authority in the discharge of its duties the mayor shall appoint from among interested citizens of the city an advisory committee of fifteen (15) persons, including persons with experience or training in urban renewal, building, social work, mortgage financing, the municipal bond market, architecture, land use planning, economic development and municipal government. It shall be the role of the advisory committee to assist the authority and its staff in formulating policies and procedures dealing with site selection, tenant selection, rent levels, economic feasibility, design objectives, and such other questions relevant to the authority's underlying goal of providing housing for families and attaining balanced communities. Members of the advisory committee shall receive no compensation.

"45-48-22. Annual reports. - The corporation shall promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the mayor and city

council. Each such report shall set forth a complete operating and financial statement of the corporation during such year. The corporation shall cause an audit of its books and accounts to be made at least once in each fiscal year.

"45-48-23. Authorization to accept appropriated moneys. The corporation is authorized to accept such moneys as may be appropriated from time to time by the city council for effectuating its corporate purposes including, without limitation, the payment of the initial expenses of administration and operation and the establishment of reserves or contingency funds to be available for the payment of the principal of and the interest on any bonds, notes or other obligations of the corporation.

"45-48-24. Tax exemption. - The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well being and prosperity and for the improvement of this social and economic conditions, and the corporation shall not be required to pay any tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income therefrom; nor shall the corporation be required to pay any recording fee or transfer tax of any kind on account of instruments recorded by it or on its behalf. Any bonds, notes or other obligations issued by the corporation under the provisions of this chapter, their transfer, and the income therefrom (including any profits made on the sale thereof), shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance, estate, and gift taxes.

"45-48-25. Liberal construction. - Neither this chapter nor anything herein contained is or shall be construed as a restric-

tion or limitation upon any powers which the corporation might otherwise have under any laws of this state, and this chapter is cumulative to any such powers. This chapter does and shall be construed to provide a complete, additional, and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws. However, the issuance of bonds, notes and other obligations of the corporation under the provisions of this chapter need not comply with the requirements of any other state law applicable to the issuance of bonds, notes and other obligations and contracts for the construction and acquisition of any housing developments undertaken pursuant to this chapter need not comply with the provisions of any other state law applicable to contracts for the construction and acquisition of city or state owned property. No proceedings, notice or approval shall be required for the issuance of any bonds, notes and other obligations or any instrument as security therefor, except as is provided in this chapter.

"45-48-26. Inconsistent provisions in other laws superseded. - Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, general, special or local, the provisions of this chapter shall be controlling.

"45-48-27. Severability - If any clause, sentence, paragraph, section or part of this chapter shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment shall have been rendered."