

RESOLUTION OF THE CITY COUNCIL

No.

Approved

RESOLVED, that the City Council endorses and urges passage by the General Assembly of Senate Bill 97-1113 and House Bill 97-H6969 authorizing the creation of the Providence Neighborhood Assistance Corporation, in substantially the form attached.

JUN 06 1997

CITY COUNCIL

THE COMMITTEE ON *State Legislation*
June 2, 3 & 5
Recommends *Passage*
Jan M. Angell
Clerk

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1997

A N A C T

AUTHORIZING THE CREATION OF THE
PROVIDENCE NEIGHBORHOOD ASSISTANCE CORPORATION

Introduced By:

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 45 of the General Laws entitled "TOWNS AND CITIES" is
2 hereby amended by adding thereto the following chapter:

3 CHAPTER 56

4 PROVIDENCE NEIGHBORHOOD ASSISTANCE CORPORATION ACT

5 **45-56-1. Short title.** -- This chapter shall be known and may be cited as the
6 "Providence Neighborhood Assistance Corporation Act."

7 **45-56-2. Legislative findings.** -- It is hereby found and declared as follows: there
8 exists a serious shortage of safe and sanitary residential housing in the city available to
9 persons and families of low and moderate income; such condition is conducive to disease,
10 crime, environmental decline and poverty and impairs the economic value of large areas,
11 which are characterized by depreciated value, impaired investments, and reduced capacity to
12 pay taxes and is a menace to the health, safety, morals and welfare of the citizens of the city;
13 such condition results in a loss of population and further deterioration accompanied by added
14 costs to communities for creation of new public facilities and services elsewhere, it is difficult
15 and uneconomic for individual owners independently to remedy such condition; it is desirable
16 to encourage joint efforts to clear, replan, rehabilitate, and reconstruct such areas; it is
17 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; the ordinary operations of private enterprise have not in the past corrected these conditions; the reduction in residential 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 financing is required to encourage new housing 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 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 partnership 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.

45-56-3. 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 neighborhood assistance 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 weather-stripping, solar, passive or other alternative energy

1 sources, hot water heaters, heating or cooling systems and such other improvements of a like
2 or similar nature as may from time to time be determined by the corporation;

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

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

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

15 (g) "Housing development" or "housing project" means any work or undertaking,
16 whether new construction or rehabilitation, constituting a single family and multi-family
17 residence including without limitation a mobile home, which is designed and financed
18 pursuant to the provisions of this chapter for the primary purpose of providing sanitary,
19 decent and safe dwelling accommodations for persons and families of low or moderate income
20 in need of housing; such undertaking may include any buildings, land, equipment, facilities or
21 other real or personal properties which are necessary, convenient, or desirable in connection
22 therewith, including but not limited to streets, sewers, utilities, parks, site preparation,
23 landscaping, and such stores, offices, and other nonhousing facilities such as administrative,
24 community, health, recreational, educational, commercial and welfare facilities as the
25 corporation determines to be necessary, convenient or desirable;

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

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

- 1 (2) Cost of site preparation, demolition and clearing;
- 2 (3) Architectural, engineering, legal, accounting, corporation and other fees paid or
3 payable in connection with the planning, execution and financing of the housing development
4 and the finding of an eligible mortgagee or mortgagees for such housing development;
- 5 (4) Cost of necessary studies, surveys, plans and permits;
- 6 (5) Insurance, interest, financing, tax and assessment costs and other operating and
7 carrying costs during construction;
- 8 (6) Cost of construction, rehabilitation, reconstruction, fixtures, furnishings,
9 equipment, machinery, apparatus and similar facilities related to the real property;
- 10 (7) Cost of land improvements, including without limitation, landscaping and off-site
11 improvements, whether or not such costs have been paid in cash or in a form other than cash;
- 12 (8) Necessary expenses in connection with initial occupancy of the housing
13 development or housing project;
- 14 (9) A reasonable profit and risk fee in addition to job overhead to the general
15 contractor and if applicable, a limited profit housing sponsor;
- 16 (10) An allowance established by the corporation for working capital and contingency
17 reserves, and reserves for any anticipated operating deficits during construction and for the
18 first two (2) years of occupancy;
- 19 (11) The cost of such other items, including tenant relocation, as the corporation shall
20 determine to be reasonable and necessary for the development of the housing development,
21 less any and all net rents and other net revenues received from the operation of the real and
22 personal property on the development site during construction;
- 23 (i) "Housing sponsor" or "sponsor" means individuals, joint ventures, partnerships,
24 limited partnerships, trusts, firms, associations, or other legal entities or any combination
25 thereof, corporations, cooperatives and condominiums, approved by the corporation as
26 qualified either to own, construct, acquire, rehabilitate, operate, manage or maintain a
27 housing development, housing project or residential housing whether for profit, nonprofit or
28 organized for limited profit subject to the regulatory powers of the corporation and other
29 terms and conditions set forth in this chapter.
- 30 (j) "Land development" means the process of acquiring land primarily for residential
31 housing construction or for persons and families of low and moderate income, and making,
32 installing or constructing nonresidential housing improvements, including water, sewer and

1 other utilities, roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other
2 installations or works, whether on or off the site, which the corporation deems necessary or
3 desirable to prepare such land primarily for residential housing construction within the city;

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

11 (l) "Mortgage lender" means any bank or trust company, Federal National Mortgage
12 Association approved mortgage banker, savings bank, savings and loan association, industrial
13 bank, credit union, national banking association, federal savings and loan association or
14 federal credit union or other financial institutions or governmental agencies which are eligible
15 to provide service or otherwise aid in the financing of mortgages on single family residential
16 housing or multi-family residential housing located in the city;

17 (m) "Mortgage loan" means an interest bearing obligation secured by a mortgage on
18 land and improvements in the state constituting a housing development or housing project;

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

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

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

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

28 (2) The size of the family;

29 (3) The cost and condition of housing facilities available;

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

1 (5) The ability of such persons and families to compete successfully in the normal
2 housing market and to pay the amounts at which private enterprise is providing decent, safe
3 and sanitary housing, and deemed by the corporation therefore to be eligible to occupy
4 residential housing constructed and financed, wholly or in part, with insured construction
5 loans or insured mortgages, or with other public or private assistance;

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

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

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

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

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

21 **45-56-4. Creation of corporation -- Composition -- Personnel -- Compensation. --**

22 (a) There is hereby authorized the creation and establishment of a public corporation of the
23 City, having a distinct legal existence from the City and not constituting a department of the
24 city government, with such politic and corporate powers as are set forth in this chapter to be
25 known as the "Providence neighborhood assistance corporation" to carry out the provisions of
26 this chapter within the City of Providence. The corporation is hereby constituted a public
27 instrumentality exercising public and essential governmental functions, and the exercise by the
28 corporation of the powers conferred by this chapter shall be deemed and held to be the
29 performance of an essential governmental function of the City. It is the intent of the General
30 Assembly by the passage of this chapter to authorize the incorporation of a public corporation
31 and instrumentality and agency of the City for the purpose of carrying on the activities
32 hereinafter authorized, and to vest such corporation with all powers, authority, rights,

1 privileges and titles that may be necessary to enable it to accomplish such purposes. This
2 chapter shall be liberally construed in conformity with the purpose expressed.

3 (b) The powers of the corporation shall be vested in seven (7) commissioners: two (2)
4 of whom shall be members of the general public experienced in all aspects of housing design,
5 development, management, and state and municipal finance, to be appointed by the mayor;
6 two (2) of whom shall be members of the general public, who may be members of the city
7 council, to be appointed by the president of the city council; one (1) of whom shall be the
8 executive director of the Providence Housing Authority or his designee; one (1) of whom
9 shall be the director of planning and development or his designee, and one (1) of whom shall
10 be the Director of Finance for the City or his designee. On or before July 1, 1997, the
11 mayor and the president of the city council shall each appoint one (1) member to serve until
12 the first day of July, 1999, and until his or her successor is appointed and qualified, and one
13 (1) member to serve until the first day of July, 2000, and until his or her successor is
14 appointed and qualified. During the month of June, 1999, and during the month of June of
15 each year thereafter in which a member's term expires, the mayor and the president of the
16 city council shall each appoint a member to succeed the member previously appointed by that
17 authority whose term will then next expire, to serve for a term of four (4) years commencing
18 on the first day of July then next following and until his successor is appointed and qualified.
19 A member shall be eligible to succeed himself or herself.

20 (c) The commissioners shall elect from among their number a chairman and such
21 other officers as they may determine including a secretary and a treasurer. Meetings shall be
22 held at the call of the chairman or whenever two (2) commissioners so request. Four (4)
23 commissioners of the corporation shall constitute a quorum and any action taken by the
24 corporation under the provisions of this chapter may be authorized by resolution approved by
25 a majority of the commissioners present at any regular or special meeting. No vacancy in the
26 membership of the corporation shall impair the right of a quorum to exercise all the rights and
27 perform all the duties of the corporation.

28 (d) Commissioners shall receive no compensation for the performance of their duties
29 hereunder.

30 (e) Notwithstanding the provisions of any other law, no officer or employee of the
31 city shall be deemed to have forfeited or shall forfeit his or her office or employment by

1 reason of his or her acceptance of membership of the corporation or his or her service
2 thereto.

3 (f) The commissioners may administer, manage and direct the affairs and business of
4 the corporation. The commissioners may employ technical experts and such other officers
5 and agents and fix their qualifications, duties and compensation. The technical experts,
6 officers, agents and attorneys so employed shall not be subject to the provisions of the
7 classified service. The commissioners may employ other employees, permanent and
8 temporary, and such employees shall be subject to the provisions of the classified service.
9 The commissioners may delegate to one or more of its agents or employees such
10 administrative duties as it may deem proper.

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

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

28 **45-56-5. General powers.** -- The corporation shall have all of the powers necessary
29 and convenient to carry out and effectuate the purposes and provisions of this chapter;
30 including, but without limiting the generality of the foregoing, the power to:

31 (1) Sue and be sued in its own name;

32 (2) Have an official seal and to alter the same at pleasure;

1 (3) Have perpetual succession;

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

3 (5) Adopt and from time to time amend and repeal by-laws, rules and regulations,
4 not inconsistent with this chapter, to carry into effect the power and purposes of the
5 corporation and the conduct of its business, and such by-laws, rules and regulations may
6 contain provisions indemnifying any person who is or was a commissioner, officer, employee
7 or agent of the corporation, or is or was serving at the request of the corporation as a
8 commissioner, director, officer, employee or agent of another corporation, partnership, joint
9 venture, trust or other enterprise, in the manner and to the extent provided in section 7-1.1-
10 4.1;

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

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

22 (8) To enter into agreements or other transactions with and accept grants and the
23 cooperation of the United States or any governmental agency or instrumentality thereof or of
24 the city or state or any governmental agency or instrumentality thereof in furtherance of the
25 purposes of this chapter, including but not limited to the development, maintenance, operation
26 and financing of any housing development or housing project and to do any and all things
27 necessary in order to avail itself of such aid and cooperation;

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

31 (10) To receive and accept aid or contributions from any source of money, property,
32 labor or other things of value, to be held, used and applied to carry out the purposes of this

1 chapter subject to such conditions upon which such grants and contributions may be made,
2 including, but not limited to gifts or grants from any governmental agency or instrumentality
3 of the United States or this state or city for payment of rent supplements to eligible persons or
4 families or for the payment in whole or in part of the interest expense for a housing
5 development, housing project or for any other purpose consistent with this chapter;

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

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

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

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

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

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

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

31 (18) To make and publish rules and regulations respecting its lending programs and
32 such other rules and regulation as are necessary to effectuate its corporate purposes including,

1 without limitation, regulations requiring that, to the maximum extent practicable, projects
2 financed by the corporation be constructed by qualified contractors which have their
3 businesses in the City of Providence;

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

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

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

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

22 (23) To procure or agree to the procurement of insurance or guarantees from the
23 federal government or any governmental agency or instrumentality thereof, or from any
24 private insurance company, of the payment of any bonds or notes of any other evidences of
25 indebtedness thereof issued by the corporation including the power to pay premiums on any
26 such insurance;

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

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

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

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

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

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

22 **45-56-6. Powers relative to making loans.** -- The corporation shall have all the
23 powers necessary or convenient to carry out and effectuate the purpose and provisions of this
24 chapter, including the following powers in addition to others herein granted:

25 (a) Make, undertake commitments to make and participate in the making of mortgage
26 loans, including without limitation federally insured mortgage loans and to make temporary
27 loans and advances in anticipation of permanent mortgage loans to housing sponsors to
28 finance the construction or rehabilitation of, or installation of energy saving improvements to,
29 residential housing designed and planned for occupancy primarily by persons and families of
30 low and moderate income or health care facilities upon the terms and conditions set forth in
31 section 45-56-9;

1 (b) Make, undertake commitments to make and participate in the making of mortgage
2 loans to persons of low or moderate income who may purchase residential housing, including
3 without limitation persons and families of low and moderate income who are eligible or
4 potentially eligible for federally insured mortgage loans or federal mortgage loans. Such
5 loans shall be made only after a determination by the corporation that mortgage loans are not
6 otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms
7 and conditions;

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

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

17 (e) Enter into agreements and contracts with housing sponsors under the provisions of
18 this chapter;

19 (f) Institute any action or proceeding against any housing sponsor or persons and
20 families of low and moderate income receiving a loan under the provisions hereof, or owning
21 any housing development hereunder in any court of competent jurisdiction in order to enforce
22 the provisions of this chapter or the terms and provisions of any agreement or contract
23 between the corporation and such recipients of loans under the provisions hereof, or to
24 foreclose its mortgage, or to protect the public interest, the occupants of the housing
25 development, or the stockholders or creditors, if any, of such sponsor. In connection with
26 any such action or proceeding it may apply for the appointment of a receiver to take over,
27 manage, operate and maintain the affairs of such housing sponsor and the corporation through
28 such agent as it shall designate is hereby authorized to accept the appointment of such receiver
29 of any such sponsor when so appointed by a court of competent jurisdiction. In the event of
30 the reorganization of any housing sponsor to the extent possible under the provisions of law,
31 such reorganization shall be subject to the supervision and control of the corporation, and no
32 such reorganization shall be had without the prior written consent of the corporation. In the

1 event of a judgment against any housing sponsor in any action not pertaining to the
2 foreclosure of a mortgage, there shall be no sale of any of the real property included in any
3 housing development or housing project hereunder of such sponsor except upon sixty (60)
4 days' written notice to the corporation. Upon receipt of such notice the corporation shall take
5 such steps as in its judgment may be necessary to protect the rights of all parties;

6 **45-56-6.1. Powers relative to subsidizing loans.** -- The corporation shall have all
7 the powers necessary or convenient to carry out and effectuate the purpose and provisions of
8 this chapter, including the following powers in addition to others herein granted: to establish a
9 program pursuant to which the corporation shall effect reductions in the interest rates which
10 would otherwise be payable by persons of low and moderate income who are eligible or
11 potentially eligible for federally insured mortgage loans or federal mortgage loans, by paying
12 the difference between the interest rates established by a mortgage lender and the rate
13 (hereinafter, the "subsidized rate") established by the corporation. The benefit of such
14 payments shall be made available to persons of low and moderate income only after a
15 determination by the corporation that mortgage loans at the subsidized rate are not otherwise
16 available, wholly or in part, from private lenders upon reasonably equivalent terms and
17 conditions.

18 **45-56-7. Powers relative to purchase of and sale to mortgage lenders of loans --**
19 **Loans to mortgage lender.** -- The corporation shall have all the powers necessary or
20 convenient to carry out and effectuate the purposes and provisions of this chapter, including
21 the following powers in addition to others herein granted:

22 (a) To invest in, purchase or to make commitments to purchase, and take assignments
23 from mortgage lenders, of notes and mortgages evidencing loans for the construction,
24 rehabilitation, installation of energy saving improvements to purchase, leasing or refinancing
25 of housing for persons and families of low and moderate income in this city upon the terms
26 set forth in section 45-56-10;

27 (b) To make loans to mortgage lenders under terms and conditions requiring the
28 proceeds thereof to be used by such mortgage lenders for the making of new residential
29 mortgages upon the terms set forth in section 45-56-10;

30 (c) To make commitments to purchase, and to purchase, service and sell federally
31 insured mortgages, and to make loans directly upon the security of any such mortgage,
32 provided the underlying mortgage loans shall have been made and shall be continued to be

1 used solely to finance or refinance the construction, rehabilitation, purchase or leasing of
2 residential housing for persons and families of low and moderate income in this state;

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

5 (e) Subject to any agreement with bondholders or noteholders, to collect, enforce the
6 collection of, and foreclose on any collateral securing its loans to mortgage lenders and
7 acquire or take possession of such collateral and sell the same at public or private sale, with
8 or without public bidding, and otherwise deal with such collateral as may be necessary to
9 protect the interest of the corporation therein.

10 **45-56-7.1. Powers relative to acquisition and operation of housing projects. --**

11 The corporation shall have all the powers necessary or convenient to carry out and effectuate
12 the purposes and provisions of this chapter, including the following powers in addition to
13 others herein granted:

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

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

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

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

29 (e) To lease, with or without an option to purchase, all or any part of a housing
30 project to any person, firm, partnership, trust, joint venture, association, municipal or state
31 entity or corporation. Such lease may provide for the assumption by the lessee of the

1 management and control of the housing project, as well as the right of the lessee to collect all
2 revenues accruing thereto;

3 (f) To finance the acquisition and operation of housing projects in accordance with
4 the provisions of this chapter; provided, however, that prior to the corporation issuing any
5 obligations, it makes the findings as provided in subdivisions (a), (b) and (d) of section 45-56-
6 12;

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

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

16 **45-56-8. Supervision of housing sponsors.** -- The corporation shall have the power
17 to supervise housing sponsors of multi-family residential housing units and single family
18 residential housing units designed by such sponsor for occupancy primarily by persons and
19 families of low and moderate income and their real and personal property in the following
20 respects:

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

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

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

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

3 (e) The corporation may determine standards for, and may control resident selection
4 by a housing sponsor;

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

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

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

17 (i) The corporation may prescribe regulations specifying the categories of cost which
18 shall be allowable in the construction or rehabilitation of a housing development or housing
19 project. The corporation shall require any housing sponsor to certify the actual housing
20 development costs upon completion of the housing development, subject to audit and
21 determination by the corporation. Notwithstanding the provisions of this subdivision, the
22 corporation may accept, in lieu of any certification of housing development costs as provided
23 herein, such other assurances of the said housing development costs, in any form or manner
24 whatsoever, as will enable the corporation to determine with reasonable accuracy the amount
25 of said housing development costs.

26 **45-56-9. Terms and conditions of loans.** -- Mortgage and other loans made by the
27 corporation to housing sponsors of multi-family residential housing units shall be subject to
28 the following terms and conditions:

29 (1) No application for a loan for a housing development shall be processed unless the
30 applicant is a housing sponsor as defined in section 45-56-3;

31 (2) The ratio of loan to total housing development cost and the amortization period of
32 loans made under this chapter which are insured by any agency or instrumentality of the

1 United States government shall be governed by such mortgage insurance commitment for each
2 housing development; but in no event shall such amortization period exceed fifty (50) years;
3 in the case of a mortgage loan not insured by an agency or instrumentality of the United
4 States government, the amount of the loan to (1) nonprofit housing sponsors shall not exceed
5 one hundred percent (100%) of the total housing development cost as determined by the
6 corporation, and (2) other housing sponsors shall not exceed ninety-five percent (95%) of the
7 development cost as determined by the corporation, and the amortization period of such loans
8 shall be determined in accordance with regulations formulated and published by the
9 corporation, but in no event shall such amortization period exceed fifty (50) years;

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

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

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

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

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

29 (c) The existence of zoning or other regulations to adequately protect the proposed
30 housing development against detrimental future uses which could cause undue depreciation in
31 the value of the development.

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

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

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

11 (7) Each loan shall be subject to an agreement between the corporation and the
12 housing sponsor which will subject said sponsor and its principals or stockholders if any, to
13 limitations established by the corporation as to rentals and other charges, builders' and
14 developers' profits and fees, and the disposition of its property and franchise to the extent
15 more restrictive limitations are not provided by the law under which the borrower is
16 incorporated or organized by this chapter;

17 (8) As a condition of the loan, the corporation shall have the power at all times
18 during the construction or rehabilitation of a housing development or housing project by a
19 housing sponsor and the operation thereof;

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

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

31 (c) To order any managing agent, housing development manager or owner of a
32 housing development, or sponsors thereof, to do such acts as may be necessary to comply

1 with the provisions of all applicable laws, ordinances or building codes or any rule or
2 regulation of the corporation or the terms of any agreement concerning said development or
3 facilities or to refrain from doing any acts in violation thereof and in this regard the
4 corporation shall be a proper party to file a complaint and to prosecute thereon for any
5 violations of law, ordinances or building codes as set forth herein;

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

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

28 (f) The corporation may provide by rules and regulations for the terms and conditions
29 of mortgage loans to housing sponsors of single family residential housing units and the
30 supervision of such housing sponsors;

31 **45-56-10. Terms and conditions of the purchase and sale to mortgage lender of**
32 **loans - Loans to mortgage lenders. -- (a) No obligation purchased from a mortgage lender**

1 shall be eligible for purchase or commitment to purchase by the corporation hereunder unless
2 at or before the time of transfer to the corporation such mortgage lender certifies that in its
3 judgment the loan would in all respects be a prudent investment for its own account.

4 (b) The corporation shall purchase mortgage loans at a purchase price equal to the
5 outstanding principal balance, provided, however, that a discount from the principal balance
6 or the payment of a premium may be employed to effect a fair rate of return, as determined
7 by the rate of return on comparable investments under market conditions existing at the time
8 of purchase. In addition to the aforesaid payment of outstanding principal balance the
9 corporation shall pay the accrued interest due thereon, on the date the loan or obligation is
10 delivered against payment therefor.

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

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

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

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

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

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

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

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

31 Such rules and regulations shall be designed to effectuate the general purposes of this
32 chapter and the following specific objectives: (i) the expansion of the supply of funds in the

1 city available for mortgage loans for residential housing for occupancy by persons and
2 families of low and moderate income; (ii) provision of the additional housing needed to
3 remedy the shortage of adequate housing in the city and eliminate the existence of a large
4 number of substandard dwellings; and (iii) the restriction of the financial return and benefit on
5 such mortgage loans to that level necessary to protect against the realization by mortgage
6 lenders of a financial return or benefit in excess of prevailing market conditions.

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

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

14 (g) Any other provision of this chapter to the contrary notwithstanding, the interest
15 rate or rates and other terms of the loans to mortgage lenders made from the proceeds of any
16 issue of bonds of the corporation shall be at least sufficient so as to assure the payment of said
17 bonds and the interest thereon as the same become due from the amounts received by the
18 corporation in repayment of such loans and interest thereon.

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

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

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

31 (2) bonds, debentures, notes or other evidences of indebtedness, satisfactory to the
32 agency, issued by any of the following federal agencies: Bank of Cooperatives, Federal

1 Intermediate Credit Bank, Federal Home Loan Bank System, Export-Import Bank of
2 Washington, Federal Land Banks, the Federal National Mortgage Association or the
3 Government National Mortgage Association;

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

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

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

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

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

15 The corporation may require in the case of any or all mortgage lenders that such
16 collateral be lodged with a bank or trust company located in the state designated by the
17 corporation as custodian therefor. In the absence of such requirement a mortgage lender shall
18 upon receipt of the loan proceeds from the corporation enter into an agreement with the
19 corporation containing such provisions as the corporation shall deem necessary to adequately
20 identify and maintain such collateral and service the same and shall provide that such
21 mortgage lender shall hold such collateral as an agent for the corporation and shall be held
22 accountable as the trustee of an express trust for the application and disposition thereof and
23 the income therefrom solely to the uses and purposes in accordance with the provisions of
24 such agreement. A copy of each such agreement and any revisions or supplements thereto
25 shall be filed with the secretary of state and no further filing or other action under chapter 9
26 of title 6A of the general laws entitled the uniform commercial code-secured transactions or
27 any other law of the state shall be required to perfect the security interest of the corporation
28 in such collateral or any additions thereto or substitutions therefor, and the lien and trust for
29 the benefit of the corporation so created shall be binding from and after the time made against
30 all parties having claims of any kind in tort, contract, or otherwise against such mortgage
31 lender. The corporation may also establish such additional requirements as it shall deem
32 necessary with respect to the pledging, assigning, setting aside, or holding of such collateral

1 and the making of substitutions therefor or additions thereto and the disposition of income and
2 receipts therefrom.

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

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

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

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

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

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

45-56-11. Admission and income limitations relative to housing developments. --

(a) Admission to housing developments financed or insured by corporation mortgage loans or by the proceeds 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.

45-56-12. 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 sections 45-56-6 and 45-56-7 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;

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

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

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

10 **45-56-12.1 Loans and appropriations by the city.** -- The city shall have the power
11 to donate or loan money to the corporation to be expended by the corporation for the
12 purposes authorized herein and the city shall have the power to agree to take such action.

13 **45-56-13. Bonds and notes.** -- (a) (1) The corporation shall have power and is hereby
14 authorized to issue from time to time its negotiable notes and bonds in such principal amount
15 as the corporation shall determine to be necessary to provide sufficient funds for achieving
16 any of its corporate purposes, including the payment of interest on notes and bonds of the
17 corporation, establishment of reserves to secure such notes and bonds including the reserve
18 funds created pursuant to section 45-56-14, and all other expenditures of the corporation
19 incident to and necessary or convenient to carry out its corporate purposes and powers.

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

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

29 (b) The notes and bonds shall be authorized by resolution or resolutions of the
30 corporation, shall bear such date or dates and shall mature at such time or times as such
31 resolution or resolutions may provide, except that no bond shall mature more than sixty-five
32 (65) years from the date of its issue. The bonds may be issued as serial bonds payable in

1 annual installments or as term bonds or as a combination thereof. The notes and bonds shall
2 bear interest at such rate or rates, be in such denominations, be in such form, either coupon
3 or registered, carry such registration privileges, be executed in such manner, be payable in
4 such medium of payment, at such place or places within or without the state and be subject to
5 such terms of redemption as such resolution or resolutions may provide. The notes and bonds
6 of the corporation may be sold by the corporation, at public or private sale, at such price or
7 prices as the corporation shall determine.

8 **45-56-14. Reserve funds and appropriations.** -- (1) The corporation may create and
9 establish one or more special funds (herein referred to as "capital reserve funds"), and shall
10 pay into each such capital reserve fund (a) any moneys appropriated and made available by
11 the state for the purpose of such fund, (b) and proceeds of sale of notes or bonds to the extent
12 provided in the resolution or resolutions of the corporation authorizing the issuance thereof,
13 and (c) any other moneys which may be made available to the corporation for the purpose of
14 such fund from any other source or sources. All moneys held in any capital reserve fund,
15 except as hereinafter provided, shall be used, as required, solely for the payment of the
16 principal of bonds secured in whole or in part by such fund or of the sinking fund payments
17 hereinafter mentioned with respect to such bonds, the payment of interest on such bonds or
18 the payment of any redemption premium required to be paid when such bonds are redeemed
19 prior to maturity; provided, however, that moneys in such funds shall not be withdrawn
20 therefrom at any time in such amount as would reduce the amount of such fund to less than
21 the minimum capital reserve requirement established for such fund as hereinafter provided
22 except for the purpose of making with respect to bonds secured in whole or in part by such
23 fund payment when due, of principal, interest, redemption premiums and the sinking fund
24 payments hereinafter mentioned for the payment of which other moneys of the corporation are
25 not available. Any income or interest earned by, or incremental to, any capital reserve fund
26 due to the investment thereof may be transferred by the corporation to other funds or accounts
27 of the corporation to the extent it does not reduce the amount of the capital reserve fund
28 below the minimum capital reserve fund requirement for such fund.

29 (2) The corporation shall not at any time issue bonds secured in whole or in part by a
30 capital reserve fund, if upon the issuance of such bonds, the amount in such capital reserve
31 fund will be less than the minimum capital reserve fund requirement for such fund, unless the
32 corporation, at the time of issuance of such bonds, shall deposit in such fund from the

1 proceeds of the bonds so to be issued, or from other sources, an amount which, together with
2 the amount then in such fund, will not be less than the minimum capital reserve fund
3 requirement for such fund; provided, however, the corporation by resolution may permit the
4 issuance of bonds to provide loans to mortgage lenders pursuant to subsection (e) of section
5 45-56-10 without complying with the foregoing limitation. For the purposes of this section,
6 the term "minimum capital reserve fund requirement" shall mean, except to the extent the
7 corporation by resolution may modify such term with respect to bonds issued to finance loans
8 to mortgage lenders pursuant to subsection (e) of section 45-56-10, as of any particular date
9 of computation, an amount of money, as provided in the resolution or resolutions of the
10 corporation authorizing the bonds or notes with respect to which such fund is established,
11 equal to not more than the greatest of the respective amounts, for the current or any future
12 fiscal year of the corporation, of annual debt service on the bonds of the corporation secured
13 in whole or in part by such fund, such annual debt service for any fiscal year being the
14 amount of money equal to the aggregate of (a) all interest payable during such fiscal year on
15 all bonds secured in whole or in part by such fund outstanding on the date of computation
16 plus (b) the principal amount of all such bonds outstanding on said date of computation which
17 mature during such fiscal year, plus (c) all amounts specified in any resolution of the
18 authority authorizing any of such bonds as payable during such fiscal year as a sinking fund
19 payment with respect to any of such bonds which mature after such fiscal year, all calculated
20 on the assumption that such bonds will after said date of computation cease to be outstanding
21 by reason, but only by reason, of the payment of bonds when due and application in
22 accordance with the resolution authorizing those bonds of all of such sinking fund payments
23 payable at or after said date of computation.

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

27 (4) To assure the continued operation and solvency of the corporation for the carrying
28 out of its corporate purposes, provision is made in subsection (1) of this section for the
29 accumulation in each such capital reserve fund of any amount equal to the minimum capital
30 reserve fund requirements for such fund; provided, however, the foregoing computation shall
31 not apply to bonds issued to fund loans to mortgage lenders pursuant to subsection (e) of
32 section 45-56-10. In order further to assure such maintenance of the capital reserve funds, the

1 chairman of the corporation shall annually, on or before December 1st make and deliver to
2 the mayor his certificate stating the sum, if any, required to restore each such capital reserve
3 fund to the minimum capital reserve fund requirement for such fund. The mayor shall
4 submit to the city council printed copies of a budget including the sum, if any, required to
5 restore each such capital reserve fund to the minimum capital reserve fund requirement for
6 such fund. All sums appropriated by the, city council if any, and paid to the corporation shall
7 be deposited by the corporation in the applicable capital reserve fund.

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

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

16 **45-56-15. Issuance of refunding obligations.** -- The corporation may provide for the
17 issuance of refunding obligations for the purpose of refunding any obligations then
18 outstanding which have been issued under the provisions of this chapter, including the
19 payment of any redemption premium thereon and any interest accrued or to accrue to the date
20 of redemption of such obligations and for any corporate purpose of the corporation. The
21 issuance of such obligations, the maturities and other details thereof, the rights of the holders
22 thereof, and the rights, duties and obligations of the corporation in respect of the same shall
23 be governed by the provisions of this chapter which related to the issuance of obligations,
24 insofar as such provisions may be appropriate therefor.

25 **45-56-16. Sale of refunding obligations.** -- Refunding obligations issued as provided
26 in section 45-56-15 may be sold or exchanged for outstanding obligations issued under this
27 chapter and, if sold, the proceeds thereof may be applied, in addition to any other authorized
28 purposes, to the purchase, redemption or payment of such outstanding obligations. Pending
29 the application of the proceeds of any such refunding obligations, with any other available
30 funds, to the payment of the principal, accrued interest and any redemption premium on the
31 obligations being refunded, and, if so provided or permitted in the resolution authorizing the
32 issuance of such refunding obligations or in the trust agreement securing the same, to the

1 payment of any interest on such refunding obligations and any expenses in connection with
2 such refunding, such proceeds may be invested in direct obligations, of, or obligations the
3 principal of and the interest on which are unconditionally guaranteed by the United States of
4 America which shall mature or which shall be subject to redemption by the holders thereof, at
5 the option of such holders, not later than the respective dates when the proceeds, together
6 with the interest accruing thereon, will be required for the purposes intended.

7 **45-56-17. Remedies of bondholders and noteholders.** -- (a) In the event that the
8 corporation shall default in the payment of principal of or interest on any bonds or notes
9 issued under this chapter after the same shall become due, whether at maturity or upon call
10 for redemption, and such default shall continue for a period of thirty (30) days, or in the
11 event that the corporation shall fail or refuse to comply with the provisions of this chapter, or
12 shall default in any agreement made with the holders of an issue of bonds or notes of the
13 corporation, the holders of twenty-five per centum (25%) in aggregate principal amount of the
14 bonds or notes of such issue then outstanding, by instrument or instruments filed in the office
15 of the city clerk and provided or acknowledged in the same manner as a deed to be recorded,
16 may appoint a trustee to represent the holders of such bonds, or notes for the purposes herein
17 provided.

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

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

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

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

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

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

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

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

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

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

17 **45-56-18. Pledge of the state.** -- The state does hereby pledge to and agree with the
18 holders of any notes or bonds issued under this chapter that the state will not limit or alter the
19 rights hereby vested in the corporation to fulfill the terms of any agreements made with the
20 said holders thereof or in any way impair the rights and remedies of such holders until such
21 notes and bonds, together with the interest thereon, with interest on any unpaid installments of
22 interest, and all cost and expenses in connection with any action or proceeding by or on
23 behalf of such holders, are fully met and discharged. The corporation is authorized to include
24 this pledge and agreement with the holders of such notes or bonds.

25 **45-56-19. Credit of state or city not pledged.** -- Obligations issued under the
26 provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of
27 the state or of any political subdivision thereof, including the city, or a pledge of the faith and
28 credit of the state or of any such political subdivision, including the city, but shall be payable
29 solely from the revenues or assets of the corporation. Each obligation issued under this
30 chapter shall contain on the face thereof a statement to the effect that the corporation shall not
31 be obligated to pay the same nor the interest thereon except from the revenues or assets
32 pledged therefor and that neither the faith and credit nor the taxing power of the state or of

1 any political subdivision thereof, including the city, is pledged to the payment of the principal
2 of or the interest on such obligation.

3 **45-56-20. Notes and bonds as legal investments.** -- The notes and bonds of the
4 corporation shall be legal investments in which all public officers and public bodies of this
5 state, its political subdivisions, all municipalities and municipal subdivisions, all insurance
6 companies and associations and other persons carrying on an insurance business, all banks,
7 bankers, banking institutions including savings and loan associations, building and loan
8 associations, trust companies, savings banks and savings associations, investment companies
9 and other persons carrying on a banking business, all administrators, guardians, executors,
10 trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter
11 be authorized to invest in bonds or in other obligations of the city or state, may properly and
12 legally invest funds, including capital, in their control or belonging to them. The notes and
13 bonds are also hereby made securities which may properly and legally be deposited with and
14 received by all public officers and bodies of the state or any agency or political subdivision of
15 the state and all municipalities and public corporations for any purpose for which the deposit
16 of bonds or other obligations of the city or state is now or may hereafter be authorized by
17 law.

18 **45-56-22. Annual reports.** -- The corporation shall, promptly following the close of
19 each fiscal year, submit an annual report of its activities for the preceding year to the mayor
20 and city council. Each such report shall set forth a complete operating and financial statement
21 of the corporation during such year. The corporation shall cause an audit of its books and
22 accounts to be made at least once in each fiscal year.

23 **45-56-23. Authorization to accept appropriated moneys.** -- The corporation is
24 authorized to accept such moneys as may be appropriated from time to time by the city
25 council for effectuating its corporate purposes including, without limitation, the payment of
26 the initial expenses of administration and operation and the establishment of reserves or
27 contingency funds to be available for the payment of the principal of and the interest on any
28 bonds, notes or other obligations of the corporation.

29 **45-56-24. Tax exemption.** -- Any bonds, notes or other obligations issued by the
30 corporation under the provisions of this chapter, their transfer, and the income therefrom
31 (including any profits made on the sale thereof), shall at all times be free from taxation by the

1 state or any political subdivision or other instrumentality of the state, excepting inheritance,
2 estate, and gift taxes.

3 **45-56-25. Liberal construction.** -- Neither this chapter nor anything herein contained
4 is or shall be construed as a restriction or limitation upon any powers which the corporation
5 might otherwise have under any laws of this state, and this chapter is cumulative to any such
6 powers. This chapter does and shall be construed to provide a complete, additional, and
7 alternative method for the doing of the things authorized thereby and shall be regarded as
8 supplemental and additional to powers conferred by other laws. However, the issuance of
9 bonds, notes and other obligations of the corporation under the provisions of this chapter need
10 not comply with the requirements of any other state law applicable to the issuance of bonds,
11 notes and other obligations and contracts for the construction and acquisition of any housing
12 developments undertaken pursuant to this chapter need not comply with the provisions of any
13 other state law applicable to contracts for the construction and acquisition of city or state
14 owned property. No proceedings, notice or approval shall be required for the issuance of any
15 bonds, notes and other obligations or any instrument as security therefor, except as is
16 provided in this chapter.

17 **45-56-26. Inconsistent provisions in other laws superseded.** -- Insofar as the
18 provisions of this chapter are inconsistent with the provisions of any other law, general,
19 special or local, the provisions of this chapter shall be controlling.

20 **45-56-27. Severability.** -- If any clause, sentence, paragraph, section or part of this
21 chapter shall be adjudged by any court of competent jurisdiction to be invalid, such judgment
22 shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its
23 operation to the clause, sentence, paragraph, section, or part thereof directly involved in the
24 controversy in which such judgment shall have been rendered.

25 **SECTION 2.** This act shall take effect upon passage.

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ES00912

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

AUTHORIZING THE CREATION OF THE PROVIDENCE NEIGHBORHOOD

ASSISTANCE CORPORATION

***This act creates the Providence Neighborhood Assistance Corporation.

The act grants certain powers to the corporation including the power to make loans and the power to acquire and operate housing projects.

The act also establishes a seven member commission to oversee the activities of the corporation.

This act would take effect upon passage.

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ES00912

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S.H.

A N A C T

AUTHORIZING THE CREATION OF THE PROVIDENCE NEIGHBORHOOD

ASSISTANCE CORPORATION

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Presented by