

HOUSE BILL No. 2373

By Committee on Economic Development

2-13

AN ACT regarding the Kansas development finance authority; relating to mortgage revenue bonds and mortgage certificates; amending K.S.A. 74-8904 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 74-8904 is hereby amended to read as follows: 74-8904. Except as otherwise limited by this act, the authority shall have the following powers to:

- (a) Sue and be sued;
- (b) have a seal and alter such seal;
- (c) make and alter bylaws for its organization and internal management;
- (d) adopt such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to K.S.A. 74-8905, and amendments thereto, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;
- (i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act or to low and moderate income multifamily *and single* rental housing projects participating in programs established in section 42 of the federal internal revenue code, and provide financing for housing projects and programs in participation with programs established by the United States department of housing and urban development or the Kansas department of commerce and housing; except as otherwise provided in this subsection, nothing in this act shall be construed to ~~authorize~~ *prohibit* the authority to make loans directly to individuals to finance *low to moderate income* housing devel-

1 opments, *including the issuance of mortgage revenue bonds and mortgage*
2 *certificates under section 42 of the federal internal revenue code;*

3 (j) sell mortgages and security interests at public or private sale, to
4 negotiate modifications or alterations in mortgage and security interests,
5 to foreclose on any mortgage or security interest in default or commence
6 any action to protect or enforce any right conferred upon it by any law,
7 mortgage, security agreement, contract or other agreement, and to bid
8 for and purchase property which was the subject of such mortgage or
9 security interest at any foreclosure or at any other sale, to acquire or take
10 possession of any such property, and to exercise any and all rights as
11 provided by law for the benefit or protection of the authority or mortgage
12 holders;

13 (k) collect fees and charges in connection with its loans, bond guar-
14 antees, commitments and servicing, including, but not limited to, reim-
15 bursement of costs of financing as the authority shall determine to be
16 reasonable and as shall be approved by the authority;

17 (l) make and execute contracts for the servicing of mortgages ac-
18 quired by the authority pursuant to this act, and to pay the reasonable
19 value of services rendered to the authority pursuant to those contracts;

20 (m) enter into agreements with and accept gifts, grants, loans and
21 other aid from the federal government, the state, any state agency, any
22 political subdivision of the state, or any person or corporation, foundation
23 or legal entity, and to agree to and comply with any conditions attached
24 to federal and state financial assistance not inconsistent with the provi-
25 sions of this act;

26 (n) invest moneys of the authority not required for immediate use,
27 including proceeds from the sale of any bonds, in such manner as the
28 board shall determine, subject to any agreement with bondholders stated
29 in the authorizing resolution providing for the issuance of bonds;

30 (o) procure insurance against any loss in connection with its pro-
31 grams, property and other assets;

32 (p) provide technical assistance and advice to the state or political
33 subdivisions of the state and to enter into contracts with the state or
34 political subdivisions of the state to provide such services. The state or
35 political subdivisions of the state are hereby authorized to enter into con-
36 tracts with the authority for such services and to pay for such services as
37 may be provided them;

38 (q) establish accounts in one or more depositories;

39 (r) lease, acquire, construct, sell and otherwise deal in and contract
40 concerning any facilities;

41 (s) have and exercise all of the powers granted to the public housing
42 authorities by the state, except that the authority shall not have the power
43 of eminent domain;

1 (t) do any and all things necessary or convenient to carry out purposes
2 of the authority and exercise the powers given and granted in this act;

3 (u) assist minority businesses in obtaining loans or other means of
4 financial assistance. The terms and conditions of such loans or financial
5 assistance, including the charges for interest and other services, will be
6 consistent with the provisions of this act. In order to comply with this
7 requirement, efforts must be made to solicit for review and analysis pro-
8 posed minority business ventures. Basic loan underwriting standards will
9 not be waived to inconsistently favor minority persons or businesses from
10 the intent of the authority's lending practices; and

11 (v) form one or more subsidiary corporations under K.S.A. 17-6001
12 *et seq.*, and amendments thereto, in accordance with the procedures
13 therein contained. Each subsidiary corporation shall be subject to the
14 same restrictions and limitations as to the powers and purposes to which
15 the authority is subject. The authority may delegate any of its powers,
16 obligations and duties to any subsidiary corporation by inclusion of such
17 powers, obligations and duties in the articles of incorporation of the sub-
18 subsidiary corporation. Subsidiary corporations so formed shall constitute
19 legal entities separate and distinct from each other, the authority and the
20 state. The authority shall not be liable for the debts or obligations or for
21 any actions or inactions of its subsidiary corporations unless the authority
22 expressly agrees otherwise in writing. The authority may make loans or
23 grants to a subsidiary corporation from time to time to enable the sub-
24 subsidiary corporation to carry out its purposes. The members of the au-
25 thority shall constitute all of the directors of each subsidiary corporation.

26 The state, any municipality or any state commission, public authority,
27 agency, officer, department, board or division authorized and empowered
28 to enter into agreements with, to grant, convey, lease or otherwise transfer
29 any property to, or to otherwise transact business with the authority, shall
30 have the same authorization and power to engage in these activities with
31 each subsidiary corporation of the authority.

32 One or more such subsidiary corporation may be formed for purposes
33 of establishing state tax credit equity funds to assist in the development
34 of low-income and middle-income housing and obtain financing through
35 participation in the program established in section 42 of the federal in-
36 ternal revenue code.

37 Actions of the authority or any subsidiary corporation relating to hous-
38 ing pursuant to this subsection (v) shall be carried out in accordance with
39 any terms, conditions and limitations relating to policy issues regarding
40 housing, as established by the secretary of commerce and housing.

41 One or more such subsidiary corporations may be formed for purposes
42 of acquiring or conveying on behalf of the state and pursuant to this act
43 a project of statewide as well as local importance, issuing bonds on behalf

1 of the state pursuant to this act to finance a project of statewide as well
2 as local importance or otherwise financing on behalf of the state pursuant
3 to this act a project of statewide as well as local importance. The Kansas
4 statewide projects development corporation is hereby created in accord-
5 ance with this section.

6 Sec. 2. K.S.A. 74-8904 is hereby repealed.

7 Sec. 3. This act shall take effect and be in force from and after its
8 publication in the statute book.

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