

55:14J-1 et seq.

February 7, 1969

LEGISLATIVE HISTORY OF R.S. 55:14J-1 et seq  
(Moderate Income Housing)

Previous bills were:

1961 A279

January 30 - Introduced by Crabiel and 3 others.  
May 1 - Passed Assembly.  
May 1 - Senate Judiciary Committee.  
Died in committee.  
No statement.  
No amendment.

Copy 1 -  
for materials  
see copy 2+3

1961 A281

January 30 - Introduced by Crabiel and 3 others.  
May 1 - Passed Assembly.  
May 1 - Senate Judiciary Committee.  
Died in committee.  
No statement.  
No amendments.

1962 A373

February 5 - Introduced by Crabiel and 3 others.  
April 30 - Passed in Assembly, amended.  
May 7 - Senate Judiciary Committee.  
Died in committee.  
No statement.  
Amended.

1963 A416

February 4 - Introduced by Panaro.  
February 4 - Appropriations Committee.  
Died in committee.  
No statement.  
No amendment.

1962 A417

February 4 - Introduced by Panaro.  
February 4 - Appropriations Committee.  
Died in committee.  
No statement.  
No amendment.

1963 A742

May 5 - Introduced by Matthews and 15 others.  
May 6 - Business Affairs Committee.  
Died in committee.  
No statement.  
No amendments.

1964 S200

March 9 - Introduced by Sarcone, Crossi and Sandman.  
May 18 - Passed in Senate, amended.  
June 22 - Assembly - State, County and Municipal Government Committee.  
Died in committee.  
Statement; copy attached.  
Amendment.

1965 S55

January 13 - Introduced by Sarcone, Crossi, Sandman.  
January 13 - Business Affairs Committee.  
Died in committee.  
Statement; identical to S200 of 1964, a copy of which is attached.  
No amendment.

1966 A756

May 9 - Introduced by Brady and 4 others.  
May 9 - County and Municipal Government Committee.  
Amended by committee and recommitted.  
Died in Committee.  
No statement.  
Amendment.

The bill which became law was:

L. 1967 Chapter 61 A770.

March 13 - Introduced by Addonizio and 9 others.  
May 5 - Passed in Assembly, amended.  
May 8 - Passed in Senate under emergency resolution.  
May 31 - Approved, chapter 61.  
No statement.  
Amended during passage <sup>by</sup> both the committee and the assembly.  
A copy of A770 official copy reprint incorporating the committee amendments and a copy of subsequent assembly amendments is attached.

**SPONSOR'S STATEMENT. to A954**

This bill reflects the suggestions of distinguished bond counsel to the New Jersey Housing Finance Agency for various amendments to the New Jersey Housing Finance Agency Law of 1967 (P. L. 1967, c. 81). These amendments, if enacted in law, would correct various technical errors, restructure and specify the reserve funds to be maintained by the Agency, and clarify the rights of the holders of bonds, bond anticipation notes and other obligations issued by the Agency. It is imperative that these amendments be approved if the New Jersey Housing Agency is to have a good position in the highly competitive and fluctuating bond market.

This law L. 1967, chapter 81 was amended by:

**L. 1967 Chapter 247 A954**

- November 20 - Introduced by Addonizio.
- November 27 - Passed in Assembly.
- December 11 - Passed in Senate.
- December 12 - Approved, chapter 247.
- Statement; copy of original bill with statement attached.
- Not amended during passage.

The law below does not amend the above two laws but relates to moderate income housing in that it provides for non-interest bearing advances to non profit and mutual housing sponsors to defray development costs for housing projects for families of moderate income.

**1967 Chapter 82 A804**

- March 20 - Introduced by Woodson.
- March 30 - Public hearing held.
- April 20 - Passed in Assembly, amended.
- April 24 - Passed in Senate.
- May 31 - Approved, chapter 82.
- No statement. Amended during passage.
- Photostat of Governor's message upon signing is attached.

82 (A804)

Hearing on P.L. 1967 chapter 81 A770 and on P.L. 1967 chapter ~~82~~

974.90 New Jersey. Legislature. Assembly Committee on County  
H842 and Municipal Government. Public hearing on Assembly  
1967 bills nos. 757, 763, 765, 766, 767, 768, 770 and 804.  
Trenton, New Jersey 1967.

Two additional reports that may be consulted are:

974.90 New Jersey. Housing Finance Agency. Moderate income  
H842 housing finance program under P.L. 1967 - Chapter 81;  
1968a preliminary submissions. Trenton, 1967.

974.90 New Jersey. Housing Finance Agency. The New Jersey  
H842 Housing Finance Agency: programs and purposes.  
1968a Trenton, New Jersey 1968.

# STATE OF NEW JERSEY

INTRODUCED NOVEMBER 20, 1967

By Assemblyman ADDONIZIO

(Without Reference)

AN ACT to amend "An act to facilitate the construction and rehabilitation of housing projects in certain areas for families of moderate income by providing for mortgage loans to qualified housing sponsors to be used for such construction and rehabilitation, creating within the Department of Community Affairs a New Jersey Housing Finance Agency and prescribing the powers and duties thereof, authorizing the New Jersey Housing Finance Agency to issue bonds and other obligations and providing for the terms and security thereof and the means to pay such bonds and other obligations and the interest thereon, prescribing penalties for certain violations and making an appropriation," approved May 31, 1967 (P. L. 1967, c. 81).

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 3 of the act of which this act is amendatory is amended  
2 to read as follows:

3 3. The following terms wherever used or referred to in this act  
4 shall have the following meanings, unless a different meaning  
5 clearly appears from the context:

6 (a) "Act" means this act and the rules and regulations adopted  
7 by the agency hereunder.

8 (b) "Agency" means the New Jersey Housing Finance Agency  
9 created by section 4 of this act, or, if said agency shall be abolished  
10 by law, the person, board, body or commission succeeding to the  
11 powers and duties thereof or to whom such powers and duties shall  
12 be given by law.

13 (c) "Bonds, bond anticipation notes and other obligations," or  
14 "bonds, bond anticipation notes or other obligations" means any  
15 bonds, notes, debentures or other evidences of financial indebtedness  
16 issued by the agency.

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

17 (d) "Family" means 2 or more persons related by blood, mar-  
18 riage or adoption who live or expect to live together as a single  
19 household in the same dwelling unit; provided, however, that any  
20 individual who (1) has attained retirement age as defined in section  
21 216a of the Federal Social Security Act, or (2) is under a disability  
22 as defined in section 223 of that act, or (3) such other individuals  
23 as the agency by rule or regulation shall include, shall be considered  
24 as a family for the purpose of this act; and provided further, that  
25 the surviving member of a family whose other members died during  
26 occupancy of a housing project shall be considered as a family for  
27 purposes of permitting continued occupancy of the dwelling unit  
28 occupied by such family.

29 (e) "Family of moderate income" means a family (1) whose  
30 income is too low to compete successfully in the normal rental  
31 or mutual housing market, and (2) whose gross aggregate family  
32 income does not exceed the limits established under section 10 of  
33 this act.

34 (f) "Gross aggregate family income" means the total annual  
35 income of all members of a family, from whatever source derived,  
36 including but not limited to, pension, annuity, retirement and social  
37 security benefits, provided, however, that there may be excluded  
38 from income (1) such reasonable allowances for dependents, (2)  
39 such reasonable allowances for medical expenses, (3) all or any  
40 proportionate part of the earnings of gainfully employed minors or  
41 family members other than the chief wage earner, or (4) such  
42 income as is not received regularly, as the agency by rule or regula-  
43 tion may determine.

44 (g) "Housing project" or "project" means any work or under-  
45 taking, whether new construction or rehabilitation, which is de-  
46 signed for the primary purpose of providing decent, safe and  
47 sanitary dwelling units for families of moderate income in need of  
48 housing; such undertaking may include any buildings, land, equip-  
49 ment, facilities, or other real or personal properties which are  
50 necessary, convenient, or desirable appurtenances, such as, but not  
51 limited to streets, sewers, utilities, parks, site preparation, land-  
52 scaping, and such stores, offices, and other nonhousing facilities such  
53 as administrative, community, health, recreational, educational and  
54 welfare facilities as the agency determines to be necessary, con-  
55 venient or desirable appurtenances.

56 (h) "Municipality" means any political subdivision of the State  
57 other than a county or a school district.

58 (i) "Mutual housing" means a housing project operated or to be  
59 operated upon completion of construction or rehabilitation exclu-  
60 sively for the benefit of the families of moderate income who are  
61 entitled to occupancy by reason of ownership of stock in the quali-  
62 fied housing sponsor, or by reason of co-ownership of premises in a  
63 horizontal property regime pursuant to chapter 168 of the laws of  
64 1963, provided, however, the agency may adopt rules and regula-  
65 tions permitting a reasonable percentage of space in such project  
66 to be rented for residential or for commercial use.

67 (j) "Project cost" means the sum total of all costs incurred in the  
68 development of a housing project, which are approved by the agency  
69 as reasonable and necessary, which costs shall include, but are not  
70 necessarily limited to, (1) cost of land acquisition and any buildings  
71 thereon, (2) cost of site preparation, demolition and development,  
72 (3) architect, engineer, legal, agency and other fees paid or payable  
73 in connection with the planning, execution and financing of the  
74 project, (4) cost of necessary studies, surveys, plans and permits,  
75 (5) insurance, interest, financing, tax and assessment costs and  
76 other operating and carrying costs during construction, (6) cost of  
77 construction, reconstruction, fixtures, and equipment related to the  
78 real property, (7) cost of land improvements, (8) necessary  
79 expenses in connection with initial occupancy of the project, (9) a  
80 reasonable profit or fee to the builder and developer, (10) an allow-  
81 ance established by the agency for working capital and contingency  
82 reserves, and reserves for any anticipated operating deficits during  
83 the first 2 years of occupancy, (11) the cost of such other items,  
84 including tenant relocation, as the agency shall determine to be  
85 reasonable and necessary for the development of the project, less  
86 any and all net rents and other net revenues received from the  
87 operation of the real and personal property on the project site dur-  
88 ing construction.

89 All costs shall be subject to approval and audit by the agency.  
90 The agency may adopt rules and regulations specifying in detail the  
91 types and categories of cost which shall be allowable if actually in-  
92 curred in the construction or reconstruction of a housing project.

93 (k) "Qualified housing sponsor" means (1) any housing corpora-  
94 tion qualified under the provisions of the "Limited-Dividend Hous-  
95 ing Corporations Law," P. L. 1949, chapter 184 (C. 55:16-1 et seq.),  
96 (2) any urban renewal corporation *or association* qualified under  
97 the provisions of the "Urban Renewal Corporation *and Association*  
98 Law of 1961," P. L. 1961, chapter 40 (C. 40:55C-40 et seq.) which  
99 has as one of its purposes the construction, rehabilitation or opera-

100 tion of housing projects, (4) any corporation or association organ-  
 101 ized not for profit under the provisions of Title 15 of the Revised  
 102 Statutes or any other law of this State which has as one of its  
 103 purposes the construction, rehabilitation or operation of housing  
 104 projects, (5) any horizontal property regime formed under the  
 105 "Horizontal Property Act," P. L. 1963, chapter 168 (C. 46:8A-1  
 106 et seq.) which has as one of its purposes the construction, rehabili-  
 107 tation or operation of housing projects, and (6) any individual or  
 108 association approved by the agency as qualified to own, construct,  
 109 rehabilitate, operate, manage and maintain a housing project.

110 (1) "Required minimum capital reserve" means the reserve  
 111 amount required to be maintained in the Housing Finance Fund  
 112 under the provisions of section 20 of this act.

1 2. Section 6 of the act of which this act is amendatory is amended  
 2 to read as follows:

3 6. (a) The agency, for the purpose of carrying out the purposes  
 4 of this act, may (1) accept from qualified housing sponsors applica-  
 5 tions for loans; [from the Housing Finance Fund created by section  
 6 20 of this act;]

7 (2) enter into agreements with qualified housing sponsors for  
 8 permanent loans and temporary loans or advances in anticipation  
 9 of such permanent loans for the construction or rehabilitation of  
 10 housing projects; and

11 (3) make permanent loans and temporary loans or advances in  
 12 anticipation of such permanent loans to qualified housing sponsors  
 13 under the provisions of this act.

14 (b) No application for a loan for the construction or rehabilita-  
 15 tion of a housing project to be located in any municipality shall be  
 16 processed unless there is already filed with the secretary of the  
 17 agency a certified copy of a resolution adopted by said municipality  
 18 reciting that there is a need for moderate income housing projects  
 19 in said municipality.

1 3. Section 9 of the act of which this act is amendatory is amended  
 2 to read as follows:

3 9. (a) Loans made by the agency shall be subject to the following  
 4 terms and conditions:

5 (1) The loan shall be for a period of time not in excess of 50 years  
 6 as determined by the agency;

7 (2) The amount of the loan shall not exceed 90% of the total  
 8 project cost as determined by the agency, except that as to projects  
 9 to be owned, constructed, rehabilitated, operated, managed and  
 10 maintained as mutual housing or by any corporation or association

11 organized not for profit which has as one of its purposes the con-  
12 struction or rehabilitation of housing projects, the amount of the  
13 loan shall not exceed 100% of the total project cost as determined  
14 by the agency; provided, however, that any such loan shall be  
15 subject to an agreement between the agency and any such corpora-  
16 tion or association organized not for profit or for mutual housing  
17 which will prohibit the transfer of ownership or management  
18 responsibilities by said corporation or association, at any time prior  
19 to repayment of at least 10% of the original loan, unless the transfer  
20 of ownership or management responsibilities is ordered by a court  
21 of competent jurisdiction *to a qualified housing sponsor.*

22 (3) The interest rate on the loan shall be established by the  
23 agency at the lowest level consistent with the agency's cost of opera-  
24 tion and its responsibilities to the holders of its bonds, bond antici-  
25 pation notes and other obligations;

26 (4) The loan shall be evidenced by a mortgage note or bond and  
27 by a mortgage which shall be a first lien on the project and which  
28 shall contain such terms and provisions and be in a form approved  
29 by the agency. The agency shall require the qualified housing  
30 sponsor receiving a loan or its contractor to post labor and mate-  
31 rials, and construction performance, surety bonds in amounts  
32 related to the project cost as established by regulation and to  
33 execute such other assurances and guarantees as the agency may  
34 deem necessary *and may require its principals or stockholders to*  
35 *also execute such other assurances and guarantees as the agency*  
36 *may deem necessary;*

37 (5) The loan shall be subject to an agreement between the agency  
38 and the qualified housing sponsor which will subject said qualified  
39 housing sponsor and its principals or stockholders to limitations  
40 established by the agency as to rentals and other charges, builders'  
41 and developers' profits and fees, and the disposition of its property  
42 and franchises to the extent more restrictive limitations are not  
43 provided by the law under which the borrower is incorporated or  
44 organized;

45 (6) The loan shall be subject to an agreement between the agency  
46 and the qualified housing sponsor limiting said qualified housing  
47 sponsor, and its principals or stockholders, to a return of 8% per  
48 annum of its investment in any housing project assisted with a loan  
49 from the agency. No qualified housing sponsor which is permitted  
50 by the provisions of the law under which it is organized or incorpo-  
51 rated to earn a return on its investment, nor any of the principals  
52 or stockholders of such qualified housing sponsor, shall at any time  
53 earn, accept or receive a return greater than 8% per annum of its

54 investment in any housing project assisted with a loan from the  
55 agency, whether upon the completion of the construction or rehabil-  
56 itation of such project, or upon the operation thereof, or upon the  
57 sale, assignment or lease of such project to any other person,  
58 association or corporation. Any person, association or corporation  
59 who shall be found guilty of violating the provisions of section 9(a)  
60 (6) of this act shall be a disorderly person and subject to a fine of  
61 not less than \$500.00 or more than \$2,500.00.

62 (7) No loan shall be executed except a loan made to a corporation  
63 or association organized not for profit which has as one of its  
64 purposes the construction or rehabilitation of housing projects or  
65 for mutual housing unless the qualified housing sponsor agrees (1)  
66 to certify upon completion of project construction or rehabilitation,  
67 subject to audit by the agency, either that the actual project cost as  
68 defined herein exceeded the amount of the loan proceeds by 10% or  
69 more, or the amount by which the loan proceeds exceed 90% of the  
70 total project cost, and (2) to pay forthwith to the agency, for  
71 application to reduction of the principal of the loan, the amount, if  
72 any, of such excess loan proceeds, subject to audit and determina-  
73 tion by the agency. No loan shall be made to a corporation or  
74 association organized not for profit or for mutual housing unless the  
75 corporation or association organized not for profit or for mutual  
76 housing agrees to certify the actual project cost upon completion  
77 of the project, subject to audit and determination by the agency, and  
78 further agrees to pay forthwith to the agency, for application to  
79 reduction of the principal of the loan, the amount, if any, by which  
80 the proceeds of the loan exceed the certified project cost subject to  
81 audit and determination by the agency. Notwithstanding the pro-  
82 visions of this subsection, the agency may accept, in lieu of any  
83 certification of project cost as provided herein, such other assur-  
84 ances of the said project cost, in any form or manner whatsoever, as  
85 will enable the agency to determine with reasonable accuracy the  
86 amount of said project cost.

87 (8) No loan shall be made for the construction or rehabilitation  
88 of a housing project for which tax exemption is granted by a munici-  
89 pality unless such tax exemption remains in effect during the entire  
90 term of the loan, unless a lesser period of tax exemption is approved  
91 by the agency.

92 (9) The loan shall be subject to an agreement between the agency  
93 and the qualified housing sponsor which contains a provision stat-  
94 ing the prevailing wage rate (as determined by the Commissioner  
95 of Labor and Industry pursuant to section 37 of this act) which can

96 be paid to the workmen employed in the performance of any con-  
97 tract for the construction or rehabilitation of any housing project,  
98 and which stipulates that the qualified housing sponsor, or any  
99 builder, contractor or subcontractor thereof, shall pay to such work-  
100 men not less than such prevailing wage rate.

101 (b) As a condition of the loan, the agency shall have the power at  
102 all times during the construction and rehabilitation of a housing  
103 project and the operation thereof:

104 (1) To enter upon and inspect without prior notice any project,  
105 including all parts thereof, for the purpose of investigating the  
106 physical and financial condition thereof, and its construction, re-  
107 habilitation, operation, management and maintenance, and to  
108 examine all books and records with respect to capitalization, income  
109 and other matters relating thereto and to make such charges as may  
110 be required to cover the cost of such inspections and examinations;

111 (2) To order such alterations, changes or repairs as may be nec-  
112 essary to protect the security of its investment in a housing project  
113 or the health, safety, and welfare of the occupants thereof;

114 (3) To order any managing agent, project manager or owner of a  
115 housing project to do such acts as may be necessary to comply with  
116 the provisions of all applicable laws or ordinances or any rule or  
117 regulation of the agency or the terms of any agreement concerning  
118 the said project or to refrain from doing any acts in violation  
119 thereof and in this regard the agency shall be a proper party to file  
120 a complaint and to prosecute thereon for any violations of laws  
121 or ordinances as set forth herein;

122 (4) To require the adoption and continuous use of uniform  
123 systems of accounts and records for a project and to require all  
124 owners or managers of same to file annual reports containing such  
125 information and verified in such manner as the agency shall require,  
126 and to file at such times and on such forms as it may prescribe,  
127 reports and answers to specific inquiries required by the agency to  
128 determine the extent of compliance with any agreement, the terms  
129 of the loan, the provisions of this act and any other applicable law;  
130 and

131 (5) To enforce, by court action if necessary, the terms and pro-  
132 visions of any agreement between the agency and the qualified  
133 housing sponsor and the terms of any agreement between the  
134 qualified housing sponsor and any municipality granting tax exemp-  
135 tion, as to schedules of rental or carrying charges, income limits as  
136 applied to tenants or occupants, or any other limitation imposed  
137 upon the qualified housing sponsor as to financial structure, con-  
138 struction or operation of the project.

139 (6) In the event of a violation by the qualified housing sponsor of  
140 the terms of any agreement between the agency and the qualified  
141 housing sponsor, or between the municipality granting tax exemp-  
142 tion and the qualified housing sponsor, or in the event of a violation  
143 by the qualified housing sponsor of this act or of the terms of the  
144 mortgage loan agreement or of any rules and regulations of the  
145 agency duly promulgated pursuant to this act, or in the event that  
146 the agency shall determine that any loan or advance from the Hous-  
147 ing Development Fund pursuant to section 36 of this act is in  
148 jeopardy of not being repaid, the agency may remove any or all of  
149 the existing officers and directors of such qualified housing sponsor  
150 and appoint such person or persons who the agency in its sole  
151 discretion deems advisable, including officers or employees of the  
152 agency, as new officers or directors to serve in place of those  
153 removed. Officers or directors so appointed need not be stockholders  
154 or meet other qualifications which may be prescribed by the certifi-  
155 cate of incorporation or by laws of such qualified housing sponsor.  
156 In the absence of fraud or bad faith, officers or directors so ap-  
157 pointed shall not be personally liable for debts, obligations or lia-  
158 bilities of such qualified housing sponsor. Officers or directors so  
159 appointed shall serve only for a period coexistent with the duration  
160 of such violation or until the agency is assured in a manner satis-  
161 factory to it that such violation, or violations of a similar nature,  
162 have not and will not re-occur. Officers or employees of the agency  
163 who are so appointed as officers or directors shall serve in such  
164 capacity without compensation, but shall be entitled to be reim-  
165 bursed, if and as the certificate of incorporation or by-laws of such  
166 qualified housing sponsor may provide, for all necessary expenses  
167 incurred in the discharge of their duties as officers or directors so  
168 appointed of such qualified housing sponsor *and such other neces-*  
169 *sary expenses incurred in the discharge of their duties as officers or*  
170 *directors of such qualified housing sponsor as determined by the*  
171 *agency.*

1 4. Section 10 of the act of which this act is amendatory is amended  
2 to read as follows:

3 10. (a) [Any qualified housing sponsor is hereby authorized to  
4 construct or rehabilitate housing projects and to apply for and  
5 obtain loans hereunder.] Admission to housing projects con-  
6 structed or rehabilitated under this act shall be limited to families  
7 of moderate income whose gross aggregate family income at the  
8 time of admission does not exceed 6 times the annual rental or carry-  
9 ing charges, including the value or cost to them of heat, light, water,

10 sewerage, parking facilities and cooking fuel, of the dwellings that  
11 may be furnished to such families, or 7 times said charges if there  
12 are 3 or more dependents. There may be included in the carrying  
13 charges to any family for residence in any mutual housing project  
14 constructed or rehabilitated with a loan from the agency an amount  
15 equal to 6% of the original cash investment of the family in said  
16 mutual housing project and, to the extent authorized by the agency  
17 where not included in said carrying charges, the value or cost of  
18 repainting the apartment and replacing any fixtures or appliances.  
19 Notwithstanding the provisions of this section, no family or indi-  
20 vidual shall be eligible for admission to any housing project con-  
21 structed or rehabilitated with a loan from the agency whose gross  
22 aggregate family income exceeds \$15,000.00, as said sum may be  
23 adjusted from time to time by the agency, by rules or regulations  
24 promulgated hereunder, so as to reflect changes in any wage or  
25 salary indices for this State as determined and prepared by any  
26 department, division, office or agency of this State.

27 (b) The agency shall by rules and regulations provide for the  
28 periodic examination of the income of any person or family residing  
29 in any housing project constructed or rehabilitated with a loan from  
30 the agency. In the event that the gross aggregate family income of  
31 a family residing in any such housing project increases and the  
32 ratio to the current rental or carrying charges of the dwelling unit  
33 becomes greater than the ratio prescribed for admission in subsec-  
34 tion (a) of this section but is not more than 25% above the family  
35 income so prescribed for admission to the project, the owner or  
36 managing agent of such housing project shall permit the family to  
37 continue to occupy the unit. The agency or (with the approval of  
38 the agency) the qualified housing sponsor of any housing project  
39 constructed or rehabilitated with a loan from the agency, may term-  
40 inate the tenancy or interest of any family residing in such housing  
41 project whose gross aggregate family income exceeds 25% of that  
42 prescribed herein and which continues to exceed the same for a  
43 period of 6 months or more; provided, that no tenancy or interest of  
44 any such family in any such housing project shall be terminated  
45 except upon reasonable notice and opportunity to obtain suitable  
46 alternate housing, in accordance with rules and regulations of the  
47 agency; provided further, that any such family, with the approval  
48 of the agency, may be permitted to continue to occupy the unit,  
49 subject to payment of a rent or carrying charge surcharge to the  
50 qualified housing sponsor in accordance with a schedule of sur-  
51 charges fixed by the agency. Said qualified housing sponsor shall  
52 pay such surcharge to the municipality granting tax exemption, but

53 only up to an amount that together with payments made to the  
 54 municipality in lieu of taxes and for any land taxes equals 25% of  
 55 the total rents or carrying charges of the housing project for the  
 56 current and any prior years that the project has been in operation.  
 57 Any remainder of the surcharge, or the total surcharge if tax  
 58 exemption has not been granted, shall be paid into the housing  
 59 finance fund created by section 20 of this act for the use of the  
 60 agency.

61 (c) Any family residing in a mutual housing project required to  
 62 remove from the project because of excessive income as herein pro-  
 63 vided shall be discharged from liability on any note, bond or other  
 64 evidence of indebtedness relating thereto and shall be reimbursed,  
 65 in accordance with the rules of the agency, for all sums paid by such  
 66 family to the qualified housing sponsor on account of the purchase  
 67 of stock or debentures as a condition of occupancy or on account of  
 68 the acquisition of title for such purpose.

1 5. Section 15 of the act of which this act is amendatory is amended  
 2 to read as follows:

3 15. (a) The agency shall have the power and is hereby authorized  
 4 from time to time to issue its bonds, bond anticipation notes and  
 5 other obligations in such principal amounts as in the opinion of the  
 6 agency shall be necessary to provide sufficient funds for achieving  
 7 any of its corporate purposes, including the making of mortgage  
 8 loans, the payment, funding or refunding of the principal of, or in-  
 9 terest or redemption premiums on, any bonds, bond anticipation  
 10 notes and other obligations issued by it whether the bonds, bond  
 11 anticipation notes or other obligations or interest to be funded or  
 12 refunded have or have not become due, the establishment of reserves  
 13 to secure such bonds, bond anticipation notes and other obligations  
 14 and all other expenditures of the agency incident to and necessary  
 15 or convenient to carry out its corporate purposes and power.

16 (b) Except as may be otherwise expressly provided herein or by  
 17 the agency, every issue of bonds, bond anticipation notes or other  
 18 obligations shall be general obligations payable out of any moneys  
 19 or revenues of the agency, subject only to any agreements with the  
 20 holders of particular bonds, bond anticipation notes or other obliga-  
 21 tions pledging any particular moneys or revenues. The agency may  
 22 issue such types of bonds, bond anticipation notes or other obliga-  
 23 tions as it may determine, including, bonds, bond anticipation notes  
 24 or other obligations on which the principal and interest are payable  
 25 (1) exclusively from the income and revenues of the project financed  
 26 with the proceeds of such bonds, bond anticipation notes or other  
 27 obligations; (2) exclusively from the income and revenues of certain

28 designated projects whether or not they are financed in whole or in  
29 part with the proceeds of such bonds, bond anticipation notes or  
30 other obligations; or (3) from its revenues generally. Any such  
31 bonds, bond anticipation notes or other obligations may be addi-  
32 tionally secured by a pledge of any grant or contributions from any  
33 department or agency of the United States [or any State] or person  
34 or a pledge of any moneys, income or revenues of the agency from  
35 any source whatsoever.

36 (c) Any provision of any law to the contrary notwithstanding,  
37 any bonds, bond anticipation notes or other obligations issued pur-  
38 suant to this act shall be fully negotiable within the meaning and  
39 for all purposes of Title 12A of the New Jersey Statutes, and each  
40 holder or owner of such a bond, bond anticipation note or other  
41 obligation, or of any coupon appurtenant thereto, by accepting such  
42 bond, bond anticipation note or other obligation or coupon shall be  
43 conclusively deemed to have agreed that such bond, bond anticipa-  
44 tion note, other obligation or coupon is and shall be fully negotiable  
45 within the meaning and for all purposes of said Title 12A of the  
46 New Jersey Statutes.

47 (d) Bonds, bond anticipation notes or other obligations of the  
48 agency shall be authorized by resolution of the agency and may  
49 be issued in one or more series and shall bear such date or dates,  
50 mature at such time or times not exceeding 50 years from the  
51 date thereof, bear interest at a rate or rates within such maximum  
52 rate (not exceeding 6% per annum), be in such denomination or  
53 denominations, be in such form, either coupon or registered, carry  
54 such conversion or registration privileges, have such rank or pri-  
55 ority, be executed in such manner, be payable from such sources  
56 in such medium of payment at such place or places within or without  
56A this State, and be subject to such terms of redemption (with or  
57 without premium) as such resolution or resolutions may provide.

58 (e) Bonds, bond anticipation notes or other obligations of the  
59 agency may be sold at public or private sale at such price or prices  
60 as the agency shall determine, provided, however, that the interest  
61 cost to their average maturity of the money received for any group  
62 of bonds or other obligations sold in a single transaction (computed  
63 according to standard tables of bond values) shall not exceed 6%  
64 per annum.

1 6. Section 16 of the act of which this act is amendatory is  
2 amended to read as follows:

3 16. Any resolution or resolutions authorizing the issuance of  
4 bonds, bond anticipation notes or other obligations or any issue

5 thereof may contain provisions, except as expressly limited in this  
6 act and except as otherwise limited by subsisting agreements with  
7 the holders of bonds, bond anticipation notes or other obligations,  
8 which shall be a part of the contract with the holders thereof, as  
9 to the following:

10 (a) The pledging of all or any part of the fees and charges  
11 made or received by the agency and all or any part of the moneys  
12 received in payment of loans and interest thereon, and other moneys  
13 received or to be received, to secure the payment of the principal  
14 or interest on any bonds, bond anticipation notes or other obliga-  
15 tions or of any issue thereof;

16 (b) The pledging of all or any part of the assets of the agency,  
17 including but not limited to mortgages and other obligations secur-  
18 ing the same, to secure the payment of bonds, bond anticipation  
19 notes or other obligations or of any issue of bonds, bond antici-  
20 pation notes or other obligations;

21 (c) The use and disposition of the gross income from, and the  
22 payments of principal received by the agency on, mortgages held  
23 by the agency;

24 (d) The establishment of reserves or sinking funds, the making  
25 of charges and fees to provide for the same, and the regulation and  
26 disposition thereof;

27 (e) Limitations on the purpose to which the proceeds of sale  
28 of bonds, bond anticipation notes or other obligations may be  
29 applied and pledging such proceeds to secure the payment of the  
30 bonds, bond anticipation notes, or other obligations, or of any issue  
31 thereof;

32 (f) Limitations on the issuance of additional bonds, bond antici-  
32A pation notes or other obligations; the terms upon which additional  
33 bonds, bond anticipation notes or other obligations may be issued  
34 and secured; the refunding or purchase of outstanding bonds, bond  
35 anticipation notes or other obligations of the agency;

36 (g) The procedure, if any, by which the terms of any contract  
37 with the holders of any bonds, bond anticipation notes or other  
38 obligation of the agency may be amended or abrogated, the amount  
39 of bonds, bond anticipation notes or other obligations the holders  
40 of which must consent thereto, and the manner in which such con-  
41 sent may be given;

42 (h) The vesting in a trustee or trustees of such property, rights,  
43 powers and duties in trust as the agency may determine, which  
44 may include any or all of the rights, powers and duties of any  
45 trustee appointed by the holders of any bonds, bond anticipation  
46 notes or other obligations [pursuant to this act] and limiting or

47 abrogating the right of the holders of any bonds, bond anticipa-  
 48 tion notes or other obligations of the agency to appoint a trustee  
 49 under this act or limiting the rights, powers and duties of such  
 50 trustee;

51 (i) Provision for a trust agreement by and between the agency  
 52 and a corporate trustee which may be any trust company or bank  
 53 having the powers of a trust company within the State, which  
 54 agreement may provide for the pledging or assigning of any  
 55 assets or income from assets to which or in which the agency has  
 56 any rights or interest, and may further provide for such other  
 57 rights and remedies exercisable by the trustee as may be proper  
 58 for the protection of the holders of any bonds, bond anticipation  
 59 notes or other obligations of the agency and not otherwise in  
 60 violation of law, and the said agreement may provide for the  
 61 restriction of the rights of any individual holder of bonds, bond  
 62 anticipation notes or other obligations of the agency. All expenses  
 63 incurred in carrying out the provisions of such trust agreement  
 64 may be treated as a part of the cost of operation of the agency.  
 65 The trust agreement may contain any further provisions which  
 66 are reasonable to delineate further the respective rights, duties,  
 67 safeguards, responsibilities and liabilities of the [corporation,]  
 68 *agency*, individual and collective holders of bonds, bond antici-  
 69 pation notes and other obligations of the agency, and the trustees;

70 (j) Covenants to do or refrain from doing such acts and things  
 71 as may be necessary or convenient or desirable in order to better  
 72 secure any bonds, bond anticipation notes, or other obligations of  
 73 the agency, or which, in the discretion of the agency, will tend to  
 74 make any bonds, bond anticipation notes or other obligations to  
 75 be issued more marketable notwithstanding that such covenants,  
 76 act or things may not be enumerated herein;

77 (k) Any other matters of like or different character, which in  
 78 any way affect the security or protection of the bonds, bond antici-  
 79 pation notes or other obligations.

1 7. Section 20 of the act of which this act is amendatory is  
 2 amended to read as follows:

3 20. (a) The agency shall establish and maintain a *special fund*  
 4 *called* the "Housing Finance Fund" which shall consist of (1) all  
 5 moneys appropriated by the State for inclusion therein, (2) all  
 6 proceeds of the sale of bonds, [bond anticipation notes or other ob-  
 6A ligations] required to be deposited therein by the terms of the reso-  
 6B lution authorizing the sale of said bonds, [bond anticipation notes  
 6C or other obligations,] and (3) any other moneys available to the

6D agency which it determines to utilize for this purpose. All moneys  
7-9 held in the Housing Finance Fund, except as hereinafter provided,  
10 shall be used for the payment of the principal and interest of any  
11 bonds[, bond anticipation notes or other obligations] as such pay-  
12 ment shall become due and for the retirement of bonds[, bond  
13 anticipation notes and other obligations] upon maturity and when  
14 due. In addition, moneys from the fund may be used to retire  
15 bonds[, bond anticipation notes or other obligations] before ma-  
16 turity and to pay any redemption premium required to be paid,  
17 provided, however, that no moneys shall be utilized in any year  
18 to retire bonds[, bond anticipation notes or other obligations] as  
19 provided herein if the consequence thereof is to reduce the fund  
20 below an amount of moneys sufficient to meet the maximum pay-  
21 ments required in the succeeding calendar year for (1) payment  
22 of principal and interest falling due on all other outstanding  
23 bonds[, bond anticipation notes and other obligations] and (2) re-  
24 tiring all other bonds[, bond anticipation notes or other obliga-  
25 tions] required by their terms to be retired, such amount being  
26 hereafter referred to as the "required minimum capital reserve."

27 (b) Income or interest from the investment of moneys held in  
28 the fund shall be retained therein if needed to meet any deficiency  
29 in the required minimum capital reserve but to the extent of any  
30 excess over the aforesaid required minimum capital reserve,  
31 moneys may be transferred by the agency to [the general reserve  
32 account or] any other fund or account of the agency.

33 (c) Notwithstanding any other provision contained in this act,  
34 no bonds[, bond anticipation notes or other obligations] shall be  
35 issued by the agency unless there is in the fund the required mini-  
36 mum capital reserve for all bonds[, bond anticipation notes or  
37 other obligations] issued and to be issued, provided, however, that  
38 nothing shall preclude the agency from satisfying the foregoing  
39 requirement by depositing so much of the proceeds of the bonds[,  
40 bond anticipation notes or other obligations] to be issued, upon  
41 their issuance as is needed for the fund to achieve the required  
42 minimum capital reserve.

1 8. Section 22 of the act of which this act is amendatory is  
2 amended to read as follows:

3 (a) *The agency shall establish and maintain a fund called the*  
4 *"General Fund" which shall consist of (1) all fees and charges*  
5 *collected by the agency pursuant to subsection (o) of section 34*  
6 *of this act, or otherwise (2) any moneys which the agency shall*  
7 *transfer from the Housing Finance Fund pursuant to subsection*

8 (b) of section 20 of this act, and (3) any other moneys of the  
 9 agency not required to be deposited in any other fund of that  
 10 agency. To the extent available, after paying all the operating  
 11 costs of the agency, the moneys remaining in the general fund  
 12 may be used for the payment of the principal of and interest on  
 13 the bonds issued by the agency or for such other corporate pur-  
 14 poses of the agency as this act authorizes.

15 (b) The agency may establish such additional and further  
 16 [reserve] funds as may be, in its discretion, necessary and de-  
 17 sirable to accomplish any agency purpose or to comply with the  
 18 provisions of any agreement made by the agency or any resolution  
 19 approved by the agency. The resolution establishing such a  
 20 [reserve] fund shall specify the source of moneys from which  
 21 [the reserve] it shall be funded and the purposes for which moneys  
 22 held in the [reserve] fund shall be disbursed.

1 9. Section 23 of the act of which this act is amendatory is  
 2 amended to read as follows:

3 23. The State of New Jersey does hereby pledge to and covenant  
 4 and agree with the holders of any bonds, bond anticipation notes  
 5 or other obligations issued pursuant to the authority of this act  
 6 that the State will not limit or alter the rights or powers hereby  
 7 vested in the agency to [finance or otherwise assist in the con-  
 8 struction, rehabilitation, operation and maintenance of housing  
 9 projects or to] perform and fulfill the terms of any agreement  
 10 made with the holders of such bonds, bond anticipation notes  
 11 or other obligations, or [to fix, establish, charge and collect such  
 12 revenues, fees or other charges as may be convenient or necessary  
 13 to produce sufficient revenues to meet all expenses of the agency  
 14 and fulfill the terms of any agreement made with the holders of  
 15 such bonds, bond anticipation notes or other obligations, and that  
 16 the State will not] in any way impair the rights or remedies  
 17 of such holders [or modify in any way the exemptions from taxa-  
 18 tion provided for in this act,] until such bond, bond anticipation  
 19 notes and other obligations, together with interest thereon, with  
 20 interest on any unpaid installments of interest, and all costs and  
 21 expenses in connection with any action or proceedings by or in  
 22 behalf of such holders, are fully met and discharged or provided  
 23 for. The agency may include this pledge and agreement of the  
 24 State in any agreement with the holders of bonds, bond anticipa-  
 25 tion notes and other obligations issued by the agency. .

1 10. Section 29 of the act of which this act is amendatory is  
 2 amended to read as follows:

3 29. The State Treasurer is hereby authorized to receive from  
4 any department or agency of the United States for the purposes  
5 of this act amounts of money, if any, as and when appropriated,  
6 allocated, granted, turned over or in anywise provided by it.  
7 Said amounts of moneys shall be credited [to the Housing Fi-  
8 nance Fund] and made available to the agency.

1 11. Section 34 of the act of which this act is amendatory is  
2 amended to read as follows:

3 34. In order to carry out the purposes and provisions of this  
4 act, the agency, in addition to any powers granted to it elsewhere  
5 in this act, shall have the following powers:

6 (a) To adopt by-laws for the regulation of its affairs and  
7 the conduct of its business; to adopt an official seal and alter  
8 the same at pleasure; to maintain an office at such place or places  
9 within this State as it may designate; to sue and be sued in its  
10 own name;

11 (b) To conduct examinations and hearings and to hear testimony  
12 and take proof, under oath or affirmation, at public or private  
13 hearings, on any matter material for its information and necessary  
14 to carry out the provisions of this act;

15 (c) To issue subpoenas requiring the attendance of witnesses  
16 and the production of books and papers pertinent to any hearing  
17 before such agency, or before one or more of the members of the  
18 agency appointed by it to conduct such hearing;

19 (d) To apply to any court, having territorial jurisdiction of  
20 the offense, to have punished for contempt any witness who re-  
21 fuses to obey a subpoena, or who refuses to be sworn or affirmed  
22 to testify, or who is guilty of any contempt after summons to  
23 appear;

24 (e) To acquire by purchase, gift, foreclosure or condemnation  
25 any real or personal property, or any interest therein, to enter  
26 into any lease of property and to hold, sell, assign, lease, encumber,  
27 mortgage or otherwise dispose of any real or personal property,  
28 or any interest therein, or mortgage lien interest owned by it  
29 or under its control, custody or in its possession and release or  
30 relinquish any right, title, claim, lien, interest, easement or demand  
31 however acquired, including any equity or right of redemption,  
32 in property foreclosed by it and to do any of the foregoing by  
33 public or private sale, with or without public bidding, notwith-  
34 standing the provisions of any other law;

35 (f) To adopt such rules and regulations as shall be expressly  
36 authorized by this act and such additional rules and regulations

37 as shall be necessary or desirable to carry out the purposes of  
38 this act; it shall publish the same and file them with the Secretary  
39 of State;

40 (g) To borrow money or secure credit on a temporary, short-  
41 term, interim or on a long-term basis, and to issue negotiable  
42 bonds, bond anticipation notes or other obligations and to provide  
43 for the rights of the holders thereof;

44 (h) To make and enter into all contracts and agreements neces-  
45 sary or incidental to the performance of its duties and the execution  
46 of its powers under this act, including contracts or agreements  
47 with qualified financial institutions for the servicing and processing  
48 of mortgage loans pursuant to this act;

49 (i) To appoint an executive director and such additional officers,  
50 who need not be members of the agency as the agency deems  
51 advisable, and to employ consulting architects, engineers, attor-  
52 neys, accountants, construction and financial experts and such  
53 other employees and agents as may be necessary in its judgment;  
54 to fix their compensation; and to promote and discharge such  
55 officers, employees and agents, all without regard to the provisions  
56 of Title 11 of the Revised Statutes, Civil Service;

57 (j) To receive and accept aid or contributions from any source,  
58 of money, property, labor or other things of value, to be held, used  
59 and applied to carry out the purposes of this act subject to such  
60 conditions upon which such grants and contributions may be made,  
61 including, but not limited to, gifts or grants from any department  
62 or agency of the United States or this State for payment of rent  
63 supplements to eligible families or for the payment in whole or  
64 in part of the interest expense for a housing project or for any  
65 other purpose consistent with this act.

66 (k) To enter into agreements to pay annual sums in lieu of taxes  
67 to any political subdivision of the State with respect to any real  
68 property owned or operated directly by the agency;

69 (l) To procure insurance against any loss in connection with  
70 its property and other assets (including mortgages and mortgage  
71 loans) in such amounts and from such insurers as it deems de-  
72 sirable;

73 (m) To the extent permitted under its contract with the holders  
74 of bonds, bond anticipation notes and other obligations of the  
75 agency, to consent to any modification with respect to rate of inter-  
76 est, time and payment of any installment of principal or interest,  
77 security or any other term of any mortgage, mortgage loan, mort-  
78 gage loan commitment, contract or agreement of any kind to which  
79 the agency is a party;

80 (n) To the extent permitted under its contract with the holders  
81 of bonds, bond anticipation notes and other obligations, to enter  
82 into contracts with any qualified housing sponsor containing provi-  
83 sions enabling the said qualified housing sponsor to reduce the  
84 rental or carrying charges to persons unable to pay the regular  
85 schedule of charges where by reason of other income or payment  
86 from the agency, any department or agency of the United States  
87 or this State, such reductions can be made without jeopardizing  
88 the economic stability of the housing project;

89 (o) To make and collect such fees and charges, including but  
90 not limited to payment for all costs of financing by the agency,  
91 service charges, mortgage insurance premiums, reserves against  
92 losses and reimbursement for advances made to the agency, as it  
93 shall determine is reasonable to enable the agency, to the extent  
94 feasible, to be self-sustaining;

95 (p) To invest and reinvest any [funds held in reserve or sinking  
96 funds, or any] moneys of the agency not required for immediate  
97 use or disbursement, at [the] its discretion [of the agency,] in  
98 certificates of deposit, secured by obligations of this State or the  
99 United States [or] and to invest and reinvest any moneys held  
100 in the Housing Finance Fund, reserve funds or sinking funds in  
101 obligations of this State or the United States or in obligations  
102 the principal of and interest [of] on which are guaranteed by this  
103 State or the United States;

104 (q) To provide, contract or arrange for, where by reason of the  
105 financing arrangement review of the application and proposed  
106 construction of a project is required by or in behalf of any depart-  
107 ment or agency of the United States, consolidated processing of  
108 any such application or supervision to avoid duplication thereof  
109 by either undertaking the processing in whole or in part for any  
110 such department or agency or, in the alternative, delegating the  
111 processing in whole or in part to any such department or agency;

112 (r) To make mortgage loans and to participate with any depart-  
113 ment or agency of the United States, this State, a municipality,  
114 or any banking institution, foundation, labor union, insurance  
115 company, trustee or fiduciary in a loan to a qualified housing spon-  
116 sor secured by a single participating mortgage or by separate  
117 mortgages, the interest of each having equal priority as to lien  
118 in proportion to the amount of the loan so secured, but need not  
119 be equal as to interest rate, time or rate of amortization or other-  
120 wise and to undertake commitments to make such loans;

121 (s) To sell, at public or private sale, with or without bidding,

122 any mortgage or other obligation securing a mortgage loan made  
123 by the agency;

124 (t) To make commitments to purchase, and to purchase, service  
125 and sell, mortgages insured by any department or agency of the  
126 United States, and to make loans directly upon the security of  
126A any such mortgage;

127 (u) To provide qualified housing sponsors with such advisory  
128 consultation, training and educational services as will assist them  
129 to plan, construct, rehabilitate and operate housing projects for  
130 moderate income families, including but not limited to assistance  
131 in community development and organization, home management  
132 and advisory services for the residents of the housing projects,  
133 and to encourage community organizations to assist in developing  
134 such projects;

135 (v) To encourage research in, and demonstration projects to  
136 develop new and better techniques and methods for increasing the  
137 supply of housing for moderate income families and to engage in  
138 such research and demonstration projects and to receive and ac-  
139 cept contributions, grants or aid, from any source, public or pri-  
140 vate, including but not limited to the United States and this State,  
141 for carrying out this purpose; and

142 (w) To do all acts and things necessary or convenient to carry  
143 out the powers expressly granted in this act.

1 12. This act shall take effect immediately.

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#### STATEMENT

This bill reflects the suggestions of distinguished bond counsel to the New Jersey Housing Finance Agency for various amendments to the New Jersey Housing Finance Agency Law of 1967 (P. L. 1967, c. 81). These amendments, if enacted in law, would correct various technical errors, restructure and specify the reserve funds to be maintained by the Agency, and clarify the rights of the holders of bonds, bond anticipation notes and other obligations issued by the Agency. It is imperative that these amendments be approved if the New Jersey Housing Finance Agency is to have a good position in the highly competitive and fluctuating bond market.