

COMMITTEE ON BANKING AND FINANCIAL SERVICES

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2323

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-1636, Arizona Revised Statutes, is amended to
3 read:

4 15-1636. Lease of real property and improvements in research
5 park; prohibited and permitted uses

6 A. The board shall not lease real property located in an area
7 ~~designated~~ DEFINED as a research park pursuant to section 35-701, ~~paragraph~~
8 ~~10~~ unless the lease contains a covenant that prohibits unlimited
9 manufacturing on the site and allows the board to enforce the covenant by
10 appropriate means, which may include termination of the lease.

11 B. The board may take title to and lease improvements constructed on
12 land located in an area defined as a research park pursuant to section
13 35-701, ~~paragraph 10~~, if the lease contains a covenant that restricts the use
14 of the subject property to the uses permitted under this section. The lease
15 shall allow the board to enforce the covenant by appropriate means, including
16 termination of the lease. The board may lease unimproved lots or parcels
17 located in an area ~~designated~~ DEFINED as a research park pursuant to section
18 35-701, ~~paragraph 10~~, for any use by a lessee.

19 C. The requirements of subsection B of this section do not apply to
20 improvements constructed before ~~the effective date of subsection B of this~~
21 ~~section~~ JULY 20, 1996 or to a lease entered into between the board and a
22 lessee, subsidiary, successor, sublessee or assignee of a lessee, who
23 originally entered into any lease with the board before July 31, 1996.

24 D. The subject property may be used only for the following purposes:

25 1. Laboratories, offices and other facilities for testing, consulting
26 and information processing, related to research and development.

27 2. Production, assembly or sale of products pursuant to research and
28 development activities.

29 3. Pilot plants in which processes planned for use in production
30 elsewhere can be tested and assembled.

31 4. Regional or national headquarters of the lessee or its subsidiaries
32 that are engaged in research and development or education activities.

1 5. Education and training facilities.

2 6. Operations required to maintain or support any permitted use,
3 including maintenance shops, power plants, wastewater treatment facilities,
4 the keeping of animals, machine shops, common area improvements and
5 facilities and professional and commercial services supporting permitted
6 uses, such as child development centers, food services and post office and
7 mailing centers.

8 Sec. 2. Section 35-701, Arizona Revised Statutes, is amended to read:

9 35-701. Definitions

10 In this chapter, unless the context otherwise requires:

11 1. "Corporation" means any corporation organized as an authority as
12 provided in this chapter.

13 ~~2. "Designated area" means any area of this state which is either~~
14 ~~designated pursuant to section 36-1479 as a slum or blighted area as defined~~
15 ~~in section 36-1471, designated by regulation as a pocket of poverty or a~~
16 ~~neighborhood strategy area by the United States department of housing and~~
17 ~~urban development pursuant to title I of the housing and community~~
18 ~~development act of 1977 (P.L. 95-128; 42 United States Code sections 5301~~
19 ~~through 5320), as amended, and the department of housing and urban~~
20 ~~development act (P.L. 89-174; 42 United States Code section 3535(d)) or~~
21 ~~designated by the United States department of housing and urban development~~
22 ~~as an empowerment or enterprise zone pursuant to the federal omnibus budget~~
23 ~~reconciliation act of 1993 (P.L. 103-66; 26 United States Code section~~
24 ~~1391(g)).~~

25 ~~3.~~ 2. "Governing body" means:

26 (a) The board or body in which the general legislative powers of the
27 municipality or the county are vested.

28 (b) The Arizona board of regents with respect to a corporation formed
29 with the permission of the Arizona board of regents.

30 ~~4.~~ 3. "Income" means gross earnings from wages, salary, commissions,
31 bonuses or tips from all jobs, net earnings from such person's or family's
32 own nonfarm business, professional practice or partnership, and net earnings
33 from such person's or family's own farm. Income includes income, other than
34 earnings, that consists of amounts received from social security or railroad
35 retirement, interest, dividends, veterans payments, pensions and other
36 regular payments, public assistance or welfare payments, including aid for
37 dependent children, old age assistance and aid to the blind or persons with

1 total disability, but excluding separate payments for hospital or other
2 medical care.

3 ~~5.~~ 4. "Manufactured house" means a structure that is manufactured in
4 a factory after June 15, 1976, that is delivered to a homesite in more than
5 one section and that is placed on a permanent foundation. The dimensions of
6 the completed house shall not be less than twenty feet by forty feet, the
7 roof must be sloping, the siding and roofing must be the same as those found
8 in site-built houses and the house must be eligible for thirty year real
9 estate mortgage financing.

10 ~~6.~~ 5. "Municipality" or "county" means the Arizona board of regents
11 or any incorporated city or town, including charter cities, or any county in
12 this state in which a corporation may be organized and in which it is
13 contemplated the corporation will function.

14 ~~7.~~ 6. "Persons of low and moderate income" means, for the purposes of
15 financing owner-occupied single family dwelling units in areas ~~which~~ THAT the
16 municipality has found, pursuant to section 36-1479, to be slum or blighted
17 areas, as defined in section 36-1471, persons and families whose income does
18 not exceed two and one-half times the median family income of this state. In
19 all other areas it means persons and families whose income does not exceed
20 one and one-half times the median family income of this state.

21 ~~8.~~ 7. "Project" means any land, any building or any other improvement
22 and all real and personal properties, including machinery and equipment
23 whether or not now in existence or under construction and whether located
24 within or without this state or the municipality or county approving the
25 formation of the corporation, that are suitable for any of the following:

26 (a) With respect to a corporation formed with the permission of a
27 municipality or county other than the Arizona board of regents:

28 (i) Any enterprise for the manufacturing, processing or assembling of
29 any agricultural or manufactured products.

30 (ii) Any commercial enterprise for the storing, warehousing,
31 distributing or selling of products of agriculture, mining or industry, or of
32 processes related thereto, including research and development.

33 ~~(iii) Any office building or buildings for use as corporate or company~~
34 ~~headquarters or regional offices or the adaptive use for offices of any~~
35 ~~building within this state that is on the national register of historic~~
36 ~~places or rehabilitation of residential buildings located in registered~~
37 ~~historic neighborhoods.~~

- 1 ~~(iv)~~ (iii) A health care institution as defined in section 36-401.
- 2 ~~(v)~~ (iv) Residential real property for dwelling units located within
- 3 the municipality or county approving the formation of the corporation and, in
- 4 the case of a county, whether or not also within a municipality that is
- 5 within the county.
- 6 ~~(vi)~~ (v) Repairing or rehabilitating single family dwelling units or
- 7 constructing or repairing residential fences and walls.
- 8 ~~(vii)~~ (vi) Convention or trade show facilities.
- 9 ~~(viii)~~ (vii) Airports, docks, wharves, mass commuting facilities,
- 10 parking facilities or storage or training facilities directly related to any
- 11 of the facilities as provided in this item.
- 12 ~~(ix)~~ (viii) Sewage or solid waste disposal facilities or facilities
- 13 for the furnishing of electric energy, gas or water.
- 14 ~~(x)~~ (ix) Industrial park facilities.
- 15 ~~(xi)~~ (x) Air or water pollution control facilities.
- 16 ~~(xii)~~ (xi) Any educational institution that is operated by a
- 17 nonprofit educational organization that is exempt from taxation under section
- 18 501(c)(3) of the United States internal revenue code and that is not
- 19 otherwise funded by state monies, any educational institution or organization
- 20 that is established under title 15, chapter 1, article 8 and that is owned
- 21 by a nonprofit organization, any private nonsectarian school or any private
- 22 nonsectarian organization established for the purpose of funding a joint
- 23 technical education school district.
- 24 ~~(xiii)~~ (xii) Research and development facilities.
- 25 ~~(xiv)~~ (xiii) ANY commercial enterprises, including facilities for
- 26 MANUFACTURING, office, recreational, hotel, motel and service uses ~~if the~~
- 27 ~~facilities authorized by this item are to be located in a designated area.~~
- 28 ~~(xv)~~ (xiv) A child welfare agency, as defined in section 8-501, owned
- 29 and operated by a nonprofit organization.
- 30 ~~(xvi)~~ (xv) A transportation facility constructed or operated pursuant
- 31 to title 28, chapter 22.
- 32 ~~(xvii)~~ (xvi) A museum operated by a nonprofit organization.
- 33 ~~(xviii)~~ (xvii) Facilities owned or operated by a nonprofit
- 34 organization described in section 501(c) of the United States internal
- 35 revenue code of 1986.
- 36 ~~(xix)~~ (xviii) New or existing correctional facilities within this
- 37 state.

1 (b) With respect to a corporation formed with the permission of the
2 Arizona board of regents, any facility consisting of classrooms, lecture
3 halls or conference centers or any facility for research and development or
4 for manufacturing, processing, assembling, marketing, storing and
5 transferring items developed through or connected with research and
6 development or in which the results of such research and development are
7 utilized, but only if the facility is located in an area designated as a
8 research park by the Arizona board of regents.

9 ~~9.~~ 8. "Property" means any land, improvements thereon, buildings and
10 any improvements thereto, machinery and equipment of any and all kinds
11 necessary to a project and any other personal properties deemed necessary in
12 connection with a project.

13 ~~10.~~ 9. "Research park" means an area of land that has been designated
14 by the Arizona board of regents as a research park for a university and that,
15 at the date of designation, is owned by this state or by the Arizona board of
16 regents.

17 ~~11.~~ 10. "Single family dwelling unit" includes any new, used or
18 manufactured house that meets the insuring requirements of the federal
19 housing administration, the United States department of veterans affairs or
20 any other insuring entity of the United States government or any private
21 mortgage insurance or surety company that is approved by the federal home
22 loan mortgage corporation or the federal national mortgage association.

23 Sec. 3. Section 35-706, Arizona Revised Statutes, is amended to read:

24 35-706. Corporate powers

25 A. In addition to the powers granted to an industrial development
26 authority by law, the authority has the following powers, together with all
27 powers incidental or necessary for the performance of those powers:

28 1. To acquire, whether by purchase, exchange, gift, lease or otherwise
29 establish, construct, improve, maintain, equip and furnish one or more
30 projects.

31 2. To lease to others any or all of its projects, to charge and
32 collect rent and to terminate any lease ~~upon~~ ON the failure of the lessee to
33 comply with any of the obligations of the lease.

34 3. To sell, exchange, donate and convey to others any or all of its
35 projects or properties ~~upon~~ ON terms and conditions as its board of directors
36 may deem advisable, including the power to receive for any sale the note or
37 notes of the purchaser of the project or property, whenever its board of

1 directors finds the action to further advance the interest of the
2 corporation.

3 4. To issue its bonds for the purpose of carrying out any of its
4 powers.

5 5. To mortgage and pledge any or all of its projects and properties,
6 whether owned or acquired, and to pledge the revenues, proceeds and receipts
7 or any portion of the revenues, proceeds and receipts from a project as
8 security for the payment of the principal of and interest on any bonds so
9 issued and any agreements made in connection therewith.

10 6. To contract with and employ others to provide and to pay
11 compensation for professional services and other services as the board of
12 directors deems necessary for the financing of projects and for the business
13 of the corporation.

14 7. To refund outstanding obligations incurred by an enterprise to
15 finance the cost of a project when the board of directors finds that the
16 refinancing is in the public interest.

17 8. To invest and reinvest funds under the control of the corporation
18 and bond proceeds pending application thereof to the purposes for which the
19 bonds were issued, subject only to the provisions of any bond resolution,
20 lease or other agreement entered into by the board of directors.

21 9. To make secured or unsecured loans for the purpose of financing or
22 refinancing the acquisition, construction, improvement, equipping or
23 operating of a project and to charge and collect interest on the loans and
24 pledge the proceeds of loan agreements as security for the payment of the
25 principal and interest of any bonds, or designated issues of bonds, issued by
26 the corporation, and any agreements made in connection with the loan,
27 whenever the board of directors finds the loans to further advance the
28 interest of the corporation or the public.

29 10. To acquire and hold obligations of any kind to carry out any of its
30 purposes.

31 11. Subject to this section, to make loans to any bank, savings and
32 loan institution, credit union or other mortgage lender, whether organized or
33 existing under the laws of this state, another state or the United States,
34 ~~which~~ THAT is qualified to do business in this state, for the purpose of
35 enabling the institutions to make loans to finance the acquisition,
36 construction, improvement or equipping of projects ~~which~~ THAT are
37 owner-occupied single family dwelling units to be occupied by persons of low

1 and moderate income, as determined by the corporation. The loans shall be
2 fully secured in the same manner as deposits of public funds or by loans
3 secured by mortgages, deeds of trust or other security instruments guaranteed
4 or insured by the United States, or any instrumentality thereof, or by any
5 private mortgage insurance or surety company ~~which~~ THAT is approved by the
6 federal home loan mortgage corporation or the federal national mortgage
7 association and ~~which~~ THAT is licensed to do business in this state, if the
8 private mortgage insurance shall be in a dollar amount sufficient to satisfy
9 the mortgage insurance requirements for loans eligible to be purchased by the
10 federal home loan mortgage corporation or the federal national mortgage
11 association or any other agency or department of the United States. The
12 security shall not be necessary if the bonds issued to make the loans are
13 guaranteed or insured by an agency, department or instrumentality of the
14 United States. Any bonds issued to make loans shall be ratable as "A" or
15 better by a nationally recognized bond rating agency.

16 12. Subject to this section, to purchase or enter into advance
17 commitments to purchase loans or any loan interests secured by mortgages,
18 deeds of trust or other security instruments relating to projects ~~which~~ THAT
19 are owner-occupied single family dwelling units from or with any bank,
20 savings and loan institution, credit union or other mortgage lender, whether
21 organized or existing under the laws of this state, another state or the
22 United States, ~~which~~ THAT is qualified to do business in this state, on terms
23 and conditions as may be determined by the corporation. The purpose of the
24 purchases shall be to finance directly or indirectly the acquisition,
25 construction, improvement or equipping of projects ~~which~~ THAT are
26 owner-occupied single family dwelling units to be occupied by persons of low
27 and moderate income. If the bonds issued to make purchases are not
28 guaranteed or insured by an agency, department or instrumentality of the
29 United States or secured by a letter of credit, insurance policy, surety bond
30 or other credit facility from a financial institution or a combination of
31 such instruments, the purchased loans shall be guaranteed or insured by the
32 United States or any agency, department, or instrumentality thereof, or by
33 any private mortgage insurance or surety company ~~which~~ THAT is approved by
34 the federal home loan mortgage corporation or the federal national mortgage
35 association or secured by a letter of credit, insurance policy, surety bond
36 or other credit facility from a financial institution or a combination of
37 such instruments. In the case of private mortgage insurance, the insurance

1 shall be in a dollar amount sufficient to satisfy the mortgage insurance
2 requirements for loans eligible to be purchased by the federal home loan
3 mortgage corporation or the federal national mortgage association or any
4 other agency or department of the United States. Any bonds issued to
5 purchase loans shall be ratable as "A" or better by a nationally recognized
6 bond rating agency. If the purchased loans have not been originated on
7 behalf of the corporation to directly finance projects, the corporation shall
8 require that the institution receiving proceeds from the sale of the loans
9 use the proceeds to make loans to finance or refinance the acquisition,
10 construction, improvement or equipping of projects ~~which~~ THAT are
11 owner-occupied single family dwelling units to be occupied by persons of low
12 and moderate income, as determined by the corporation.

13 13. To elect not to issue an amount of qualified mortgage revenue bonds
14 which it may otherwise issue during any calendar year and to issue instead
15 mortgage credit certificates pursuant to a qualified mortgage credit
16 certificate program as defined in section 35-901.

17 14. To make loans to any person or entity owning residential property
18 or to make loans to any bank, savings and loan association, credit union or
19 other mortgage lender, or to purchase or enter into advance commitments to
20 purchase funding for the repair or improvement of property related to
21 residential or neighborhood improvement projects. An authority may issue its
22 bonds or incur other obligations to fund loans or purchases. An authority
23 shall establish the provisions relating to bonds or other obligations,
24 including the security for the loans, and shall establish the guidelines for
25 the approval, funding, purchasing and security of the loans.

26 15. To enter into contracts and execute any agreements or instrument
27 and do any other act necessary or appropriate to carry out its purposes.

28 16. To exercise the powers granted by this chapter, including through
29 the issuance of bonds, to provide financing or refinancing for projects other
30 than a project as defined in section 35-701, paragraph ~~8- 7~~, subdivision (a),
31 item ~~(v)~~ (ii), located in whole or in part outside this state, provided that
32 the board of directors of the corporation has determined that the exercise of
33 such powers will provide a benefit within this state.

34 B. The corporation shall not have the power to operate any project as
35 a business other than as lessor or seller nor shall any corporation make any
36 loans pursuant to subsection A, paragraph 9 of this section for projects
37 ~~which~~ THAT are owner-occupied single family dwelling units except by

1 utilizing as its contract agent a mortgage lender, whether organized or
2 existing under the laws of this state, another state or the United States,
3 ~~which~~ THAT is qualified to do business in this state. Any project
4 established pursuant to subsection A, paragraph 14 of this section is not
5 required to use a mortgage lender as its contract agent. The corporation
6 shall not permit any funds derived from the sale of its bonds to be used,
7 loaned or provided for the acquisition of any facilities of a public utility
8 or public service corporation, except as provided in section 35-701. The
9 corporation shall comply with title 38, chapter 3, article 3.1.

10 C. A person's or family's eligibility for an owner-occupied single
11 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or
12 13 of this section shall be determined by considering the person's or
13 family's income. Owner-occupied single family dwelling units shall only be
14 financed as provided in subsection A, paragraphs 11, 12 and 13 of this
15 section unless the owner-occupied single family dwelling units are located in
16 an area designated pursuant to section 36-1479 as a slum or blighted area as
17 defined in section 36-1471 by a municipality having a population of more than
18 two hundred fifty thousand persons according to the most recent United States
19 decennial census or a special census conducted in accordance with section
20 42-5033.

21 D. In the exercise of its powers authorized in this section with
22 respect to projects ~~which~~ THAT are owner-occupied single family dwelling
23 units to be occupied by persons of low and moderate income and financed
24 pursuant to subsection A, paragraphs 11 and 12 of this section, the
25 corporation shall establish, subject to approval by the governing body of the
26 authorizing county or municipality, standards and requirements applicable to
27 the purchase of loans or the making of loans to mortgage lenders, including:

28 1. The eligibility of mortgage lenders, including the requirement that
29 all mortgage lenders be approved as mortgagees by the federal housing
30 administration and the United States department of veterans affairs and be
31 approved as sellers and servicers of mortgage loans by the federal national
32 mortgage association or federal home loan mortgage corporation.

33 2. The time within which mortgage lenders must make commitments and
34 disbursements for mortgage loans.

35 3. The character of residences to be financed by mortgage loans.

36 4. The eligibility of persons of low and moderate income, including
37 the requirement that no person of low and moderate income may receive, more

1 than once in a three year period, a mortgage loan financed directly or
2 indirectly from the proceeds of bonds issued by the corporation.

3 5. The terms and conditions of mortgage loans to be acquired.

4 6. The amounts and types of insurance coverage required on residences,
5 mortgages and bonds.

6 7. The representations and warranties of mortgage lenders confirming
7 compliance with the standards and requirements.

8 8. Restrictions as to interest rate and other terms of mortgage loans
9 and the return realized on mortgage loans by mortgage lenders.

10 9. The type and amount of collateral security to be provided to assure
11 repayment of any loans from the corporation and to assure repayment of bonds.

12 10. Assignment of the mortgage loans to a trustee acting on behalf of
13 the corporation which shall be either a bank or trust company doing business
14 in this state, having an officially reported combined capital surplus,
15 undivided profits and reserves of not less than fifteen million dollars.
16 Trustees must be approved to sell mortgages to and service mortgages for the
17 federal national mortgage association and the federal home loan mortgage
18 corporation.

19 11. Any other matters related to the purchase of mortgage loans or the
20 making of loans to mortgage lenders deemed relevant by the corporation. In
21 establishing standards and requirements, the corporation shall be guided by
22 the following standards:

23 (a) The amount of mortgage monies proposed to be made available in the
24 area is to be reasonably related to the demand for mortgage monies.

25 (b) For projects of owner-occupied single family dwelling units to be
26 occupied by persons of low and moderate income and financed pursuant to
27 subsection A, paragraphs 11 and 12 of this section, at least ten ~~per cent~~
28 PERCENT of all mortgage monies proposed to be made available by the
29 corporations other than mortgage monies reserved for any period to finance
30 mortgage loans on residences located within an area designated as a slum or
31 blighted area as defined in section 36-1471 shall be reserved for at least a
32 three month period for the financing of mortgage loans on manufactured
33 housing unless the Arizona commerce authority determines that any bonds
34 issued to make loans will not be ratable as "A" or better by a nationally
35 recognized bond rating agency, in which case no such reservation is
36 required. If all the mortgage monies reserved for manufactured housing are
37 not committed or used to make mortgage loans during this three month period,

1 the mortgage lender may allocate the remaining monies to finance mortgage
2 loans on any single family dwelling unit.

3 (c) Any departure from the level of commitment fees, origination fees
4 or servicing fees normally charged by a mortgage lender is to be justified in
5 the context of the transaction.

6 (d) The costs, fees and expenditures associated with the issuance of
7 bonds are to be reasonably related to the services provided.

8 E. Only corporations, the formations of which have been approved by
9 the governing body of a county having a population of more than seven ~~per~~
10 ~~cent~~ PERCENT of the total state population computed according to the most
11 recent United States decennial census or by the governing body of a
12 municipality having a population of more than seven ~~per-cent~~ PERCENT of the
13 total state population computed according to the most recent United States
14 decennial census, shall have the powers granted in subsection A, paragraphs
15 11, 12 and 13 of this section. Except as provided in section 35-913,
16 subsections E and F, a corporation shall not exercise the powers granted in
17 subsection A, paragraphs 11, 12 and 13 of this section outside of its
18 jurisdiction. For the purposes of a refunding of any mortgage revenue bond
19 issued before January 1, 2000, the proceeds from the refunding may be used
20 outside the jurisdiction of the corporation issuing the refunding bonds
21 except the corporation issuing the refunding bonds shall obtain the consent
22 from another corporation with powers granted in subsection A, paragraphs 11,
23 12 and 13 of this section if the proceeds of the refunding are to be used
24 within the jurisdiction of that corporation. For the purposes of exercising
25 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,
26 the jurisdiction of a corporation formed on behalf of a county includes all
27 incorporated and unincorporated territory in the county.

28 F. A corporation may not permit proceeds of bonds or a qualified
29 mortgage credit certificate program to be used to finance projects ~~which~~ THAT
30 are owner-occupied single family dwelling units within the corporate limits
31 of an incorporated city or town unless the governing body of the city or town
32 has approved the general location and character of the residences to be
33 financed. The corporation, prior to the issuance of bonds or mortgage credit
34 certificates for that purpose, shall give written notice to the governing
35 body of each city or town in which it intends to permit proceeds of an issue
36 of bonds or mortgage credit certificates to be used to finance projects ~~which~~
37 THAT are owner-occupied single family dwelling units and of the general

1 location and character of the residences ~~which~~ THAT may be financed. The
2 governing body of the city or town shall be deemed to have given its approval
3 unless it has denied approval by formal action of the governing body within
4 twenty-one days after receiving the written notice from the corporation.
5 Approvals given or deemed to have been given with respect to use of proceeds
6 of an issue of bonds or mortgage credit certificates under this subsection
7 may not be withdrawn. Denials may be withdrawn by the governing body of a
8 city or town and approval may be given thereafter if the corporation issuing
9 the bonds or mortgage credit certificates approves the withdrawal of the
10 denial.

11 G. Two or more corporations with the powers granted by subsection E of
12 this section may provide:

13 1. That a corporation, the formation of which was approved by the
14 governing body of a county or city, may exercise the powers granted in
15 subsection A, paragraphs 11, 12 and 13 of this section, with respect to
16 owner-occupied single family dwelling units located in all counties and
17 cities ~~which~~ THAT are parties to a cooperative agreement.

18 2. For the joint exercise by two or more corporations, each formed
19 with the approval of a governing body executing the cooperative agreement, of
20 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,
21 with respect to owner-occupied single family dwelling units located in all
22 counties and cities ~~which~~ THAT are parties to the cooperative agreement. The
23 agreement shall specify the calendar year or years for which it is effective,
24 the means by which the agreement may be terminated prior to the expiration of
25 the calendar year or years and the aggregate principal amount of bonds ~~which~~
26 THAT may be issued by the designated corporation or corporations to exercise
27 the powers pursuant to the agreement. The corporation or corporations
28 designated in the agreement to exercise the powers in the counties and cities
29 ~~which~~ THAT are parties to the agreement are the only corporation or
30 corporations authorized and having jurisdiction to exercise the powers and to
31 issue bonds to carry out the powers in the counties and cities while the
32 agreement is in effect. The combined jurisdictions of all the counties and
33 cities ~~which~~ THAT are parties to the cooperative agreement are the
34 jurisdictions of the corporation or corporations designated to exercise the
35 powers granted in subsection A, paragraphs 11, 12 and 13 of this section
36 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;
37 26 United States Code section 103A).

1 H. It shall not be a conflict of interest under title 38, chapter 3,
2 article 8, and this chapter, for any trustee or any mortgage lender to enter
3 into loan agreements with, or to sell mortgage loans to, the corporation as
4 contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act
5 for or under contract with the corporation as a mortgage originator,
6 servicer, paying agent or depository, act as holder or dealer of bonds of the
7 corporation or have as a director, officer or employee any member of the
8 board of directors of the corporation or any combination.

9 I. The department of economic security shall once in each calendar
10 year on or before March 1 determine the median family income of this state
11 for the purposes of this chapter.

12 J. All areas in this state ~~which~~ THAT are either designated pursuant
13 to section 36-1479 as slum or blighted areas as defined in section 36-1471 or
14 designated as pockets of poverty by the United States department of housing
15 and urban development are designated as areas of chronic economic distress
16 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;
17 26 United States Code section 103A).

18 K. Any corporation that is described in subsection E of this section
19 and that desires to exercise the powers granted in subsection A, paragraphs
20 11, 12 and 13 of this section, with respect to owner-occupied single family
21 dwelling units located in two or more counties, may do so if the corporation,
22 before issuing bonds or mortgage credit certificates for that purpose, gives
23 written notice to the governing bodies of the other counties and their
24 respective corporations, if any, of its intent to permit the proceeds of an
25 issue of bonds or mortgage credit certificates to finance projects within its
26 jurisdiction ~~which~~ THAT are owner-occupied single family dwelling units. The
27 governing body of a county and its respective corporation, if any, ~~which~~ THAT
28 have been given notice are deemed to have approved the use of the proceeds or
29 mortgage credit certificates for owner-occupied single family dwelling units
30 within their jurisdiction and approved the use of any state ceiling, as
31 defined in section 35-901, unless approval is denied by formal action of the
32 governing body or the board of directors of the corporation, if any, within
33 twenty-one days after receiving written notice from the corporation. Absent
34 a denial of approval as stated in this subsection, a cooperative agreement
35 providing for the exercise of the powers granted in subsection A, paragraphs
36 11, 12 and 13 of this section is deemed to exist among the applicable
37 counties or corporations. Approvals given or deemed to have been given with

1 respect to the matters stated in this subsection may not be withdrawn.
2 Denials by the governing body of a county apply only to the unincorporated
3 areas of the county. Denials may be withdrawn by the governing body of a
4 county and approval may be given thereafter if the corporation issuing the
5 bonds or mortgage credit certificates approves the withdrawal of the denial.
6 Mortgage credit certificates and bond proceeds issued pursuant to this
7 subsection shall be available on an equitable basis within each of the
8 participating counties.

9 L. THE CORPORATION WITHIN THIRTY DAYS SHALL UPON ACTUAL NOTICE NOTIFY
10 THE GOVERNING BODY OF:

11 1. ANY LAWSUIT FILED AGAINST THE CORPORATION RELATED TO THE ISSUANCE
12 OF BONDS.

13 2. ANY FORMAL INVESTIGATION OF THE CORPORATION INITIATED BY THE UNITED
14 STATES SECURITIES AND EXCHANGE COMMISSION.

15 Sec. 4. Section 35-708, Arizona Revised Statutes, is amended to read:

16 35-708. Financing certain owner-occupied single family
17 dwellings; exception

18 A. For purposes of section 35-701, paragraph ~~7- 6~~, in areas other than
19 a slum or blighted area, the authority undertaking the bond issue shall set
20 aside for sixty days thirty ~~per-cent~~ PERCENT of the mortgages for
21 owner-occupied single family dwelling units for persons and families whose
22 income is below the median family income of this state.

23 B. This section does not apply to projects described in section
24 35-701, paragraph ~~8- 7~~, subdivision (a), item ~~(vi)~~ (iii) or programs
25 established pursuant to section 35-706, subsection A, paragraph 14.

26 Sec. 5. Section 35-901, Arizona Revised Statutes, is amended to read:

27 35-901. Definitions

28 In this chapter, unless the context otherwise requires:

29 1. "Authority" means the Arizona commerce authority.

30 2. "Bond" means any obligation ~~which~~ THAT is subject to the provisions
31 of section 146 of the code, excluding obligations that received a
32 carry-forward allocation in a prior year.

33 3. "Business day" means between the hours of 8:00 a.m. and 5:00 p.m.,
34 mountain standard time, any day of the week other than a Saturday, a Sunday
35 or a legal holiday or a day on which the authority is authorized or obligated
36 by law or executive order to close.

1 4. "Carry-forward project" means any project receiving a carry-forward
2 allocation pursuant to section 35-907.

3 5. "Certificate of closing" means the certificate of closing adopted
4 for use by and to be filed with the authority declaring that bonds were
5 issued or that a qualified mortgage credit certificate program has been
6 established.

7 6. "Chief executive officer" means the chief executive officer of the
8 authority.

9 7. "Code" means the United States internal revenue code of 1986, as
10 amended, and its applicable regulations.

11 8. "Confirmation" means the allocation confirmation ~~which~~ THAT
12 confirms an allocation to a project in the form adopted for use by the
13 authority.

14 9. "Issued" means, with respect to a bond or bonds, either of the
15 following:

16 (a) The bond or bonds have been delivered and paid for in full.

17 (b) For bonds issued pursuant to a draw-down loan for which a bond
18 purchaser has agreed to receive and pay for the bonds of the issue in
19 increments from time to time, all of the bonds are treated as issued on the
20 first date on which the aggregate principal amount of such bonds delivered
21 and paid for exceeds the lesser of fifty thousand dollars or five ~~per cent~~
22 PERCENT of the aggregate issue price of the issue.

23 10. "Issuer" means an entity or person issuing bonds.

24 11. "Manufacturing project" means a project as described in section
25 35-701, paragraph ~~8- 7~~, subdivision (a), item ~~(i), (ii), (x)~~ (vii) or ~~(xiii)~~
26 (x).

27 12. "Mortgage credit certificate" means a certificate as described in
28 section 25(c)(1) of the code.

29 13. "Nonurban area" means all areas of this state not within the
30 boundaries of the urban cities.

31 14. "Notice of intent" means the notice of intent to be filed with the
32 authority in the form adopted for use by the authority.

33 15. "Project" means a qualified mortgage credit certificate program or
34 any construction, acquisition, planned expenditure or other activity,
35 including all phases of a multiphased project ~~which~~ THAT requests allocations
36 in the same year and including costs of issuance, capitalized interest and
37 discounts, financed with bonds and located in this state or directly

1 benefiting residents of this state. All qualified mortgage credit
2 certificate programs and qualified mortgage revenue bonds, or combinations of
3 such programs and bonds, of a single issuer or group of issuers acting
4 together, constitute a single project for the purposes of this paragraph.

5 16. "Qualified mortgage credit certificate program" means a qualified
6 mortgage credit certificate program as described in section 25(c)(2) of the
7 code.

8 17. "Qualified mortgage revenue bonds" means an issue of bonds as
9 described in section 143(a) of the code.

10 18. "Qualified student loan project" means an issue of bonds as
11 described in section 144(b) of the code.

12 19. "Request" means the request for allocation to be filed with the
13 authority in the form adopted for use by the authority.

14 20. "Security deposit" means cash, a bank cashier's check, a surety
15 bond, a letter of credit or any other form of security approved by the chief
16 executive officer in favor of the authority that is received by the authority
17 from an issuer or user to secure or extend an allocation.

18 21. "State ceiling" means the dollar limit of the aggregate amount of
19 private activity bonds ~~which~~ THAT may be issued in this state pursuant to
20 section 146 of the code for each calendar year, beginning in 1988.

21 22. "Tax reform act of 1986" means P.L. 99-514 enacted by the
22 ninety-ninth Congress, second session in 1986.

23 23. "Urban city" means a city having a population of not less than one
24 hundred thousand persons according to the most recent United States decennial
25 or special census. The area of each urban city is the boundary of the city
26 as of January 1 of the current calendar year.

27 24. "Year" means the calendar year.

28 Sec. 6. Section 36-1474, Arizona Revised Statutes, is amended to read:

29 36-1474. Powers of municipalities

30 A. Every municipality shall have all the powers necessary or
31 convenient to carry out and effectuate the purposes and provisions of this
32 article, including the following powers in addition to others granted by this
33 article:

34 1. To prepare or cause to be prepared redevelopment plans and to
35 undertake and carry out redevelopment projects within its area of operation.

36 2. To arrange or contract for the furnishing or repair, by any person
37 or agency, public or private, of services, privileges, works, streets, roads,

1 public utilities or other facilities for or in connection with a
2 redevelopment project, and anything to the contrary contained in this article
3 or any other provision of law notwithstanding, to agree to any conditions
4 that it deems reasonable and appropriate attached to federal financial
5 assistance and imposed pursuant to federal law relating to the determination
6 of prevailing salaries or wages or compliance with labor standards, in the
7 undertaking or carrying out of a redevelopment project, and to include in any
8 contract let in connection with a redevelopment project, provisions to
9 fulfill the conditions as it deems reasonable and appropriate.

10 3. Within its area of operation:

11 (a) To purchase, lease, obtain options ~~upon~~ ON, acquire by gift,
12 grant, bequest, devise, eminent domain or otherwise, any real or personal
13 property or any interest in the property, together with any improvements on
14 the property, necessary or incidental to a redevelopment project.

15 (b) To hold, improve, clear or prepare for redevelopment any such
16 property.

17 (c) To sell, lease, exchange, transfer, assign, subdivide, retain for
18 its own use, mortgage, pledge, hypothecate or otherwise encumber or dispose
19 of any real or personal property or any interest in the property in a
20 redevelopment project.

21 (d) To enter into contracts with redevelopers of property containing
22 covenants, restrictions and conditions regarding the use of the property for
23 residential, commercial, industrial, recreational or other purposes or for
24 public purposes in accordance with a redevelopment plan and the other
25 covenants, restrictions and conditions as the municipality deems necessary to
26 prevent a recurrence of conditions that qualify an area as a slum or blighted
27 area or to effectuate the purposes of this article. A municipality may not
28 exercise the power of eminent domain unless the municipality makes a separate
29 determination by a two-thirds vote of the local governing body that the
30 property is critical to the project and the existing use of the property is
31 not compatible with the proposed use and cannot be incorporated into or
32 excluded from the proposed redevelopment project.

33 (e) To make any of the covenants, restrictions or conditions of the
34 foregoing contracts covenants running with the land and to provide
35 appropriate remedies for any breach of these covenants or conditions,
36 including the right in the municipality to terminate these contracts and any
37 interest in the property created pursuant thereto.

1 (f) To borrow money and issue bonds and provide security for loans or
2 bonds.

3 (g) To insure or provide for the insurance of any real or personal
4 property or operations of the municipality in a redevelopment project of the
5 municipality against any risks or hazards, including the power to pay
6 premiums on the insurance.

7 (h) To enter into any contracts necessary to effectuate the purposes
8 of this article.

9 No statutory provision with respect to the acquisition, clearance or
10 disposition of property by public bodies shall restrict a municipality in
11 these functions with respect to a redevelopment project, unless the
12 legislature specifically so states.

13 4. To invest any redevelopment project funds held in reserves or
14 sinking funds or any redevelopment project funds not required for immediate
15 disbursement, in property or securities in which savings banks may legally
16 invest funds subject to their control and to redeem the bonds ~~which~~ THAT have
17 been issued pursuant to section 36-1481 at the redemption price established
18 therein or to purchase the bonds at less than redemption price, all bonds so
19 redeemed or purchased to be cancelled.

20 5. To borrow money and to apply for and accept advances, loans,
21 grants, contributions and any other form of financial assistance from the
22 federal government, the state, county or other public body or from any
23 sources, public or private, for the purposes of this article, to give such
24 security as may be required and to enter into and carry out contracts in
25 connection therewith. Notwithstanding any other law, a municipality may
26 include in any contract for financial assistance with the federal government
27 for a redevelopment project conditions imposed pursuant to federal law THAT
28 the municipality deems reasonable and appropriate and ~~which~~ THAT are not
29 inconsistent with the purposes of this article.

30 6. Within its area of operation, to make or have made all surveys,
31 appraisals, studies and plans, including the preparation of a general plan
32 for the development of the municipality, necessary to carry out the purposes
33 of this article and to contract or cooperate with any and all persons or
34 agencies, public or private, to make and to carry out the surveys,
35 appraisals, studies and plans.

36 7. To prepare plans and provide reasonable assistance for the
37 relocation of families displaced from a redevelopment project area to the

1 extent essential for acquiring possession of and clearing the area or parts
2 of the area to permit the carrying out of the redevelopment project.

3 8. To appropriate funds and make expenditures necessary to carry out
4 the purposes of this article and to make expenditures from funds obtained
5 from the federal government without regard to any other laws pertaining to
6 the making and approval of appropriations and expenditures.

7 9. To exercise all or any part or combination of powers granted by
8 this section.

9 B. A municipality must notify each owner of real property located
10 within the boundaries of a proposed redevelopment project area of the time,
11 date and location of a public meeting concerning the proposed adoption of the
12 redevelopment plan if the municipality intends to acquire that owner's
13 property or any interest in that property. The municipality must provide
14 this notice by first class mail to the address stated on the most recent
15 records of the county assessor.

16 C. The designation of an area as a slum or blighted area terminates
17 ten years after this designation unless substantial action has been taken to
18 remove the slum or blighted conditions. The termination does not affect
19 existing projects as described in section 35-701, paragraph ~~8~~ 7, subdivision
20 (a), item ~~(xiv)~~ (xi) that are within that designated area."

21 Amend title to conform

and, as so amended, it do pass

KATE BROPHY McGEE
Chairman

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2/17/15
H:laa

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02/13/2015
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