

State of Arizona  
House of Representatives  
Fifty-second Legislature  
First Regular Session  
2015

**CHAPTER 114**  
**HOUSE BILL 2323**

AN ACT

AMENDING SECTIONS 15-1636, 35-701, 35-706, 35-708, 35-901 AND 36-1474,  
ARIZONA REVISED STATUTES; RELATING TO INDUSTRIAL DEVELOPMENT AUTHORITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

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.

33 5. Education and training facilities.

34 6. Operations required to maintain or support any permitted use,  
35 including maintenance shops, power plants, wastewater treatment facilities,  
36 the keeping of animals, machine shops, common area improvements and  
37 facilities and professional and commercial services supporting permitted  
38 uses, such as child development centers, food services and post office and  
39 mailing centers.

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

41 35-701. Definitions

42 In this chapter, unless the context otherwise requires:

43 1. "Corporation" means any corporation organized as an authority as  
44 provided in this chapter.

45 ~~2. "Designated area" means any area of this state which is either~~  
46 ~~designated pursuant to section 36-1479 as a slum or blighted area as defined~~

1 ~~in section 36-1471, designated by regulation as a pocket of poverty or a~~  
2 ~~neighborhood strategy area by the United States department of housing and~~  
3 ~~urban development pursuant to title I of the housing and community~~  
4 ~~development act of 1977 (P.L. 95-128; 42 United States Code sections 5301~~  
5 ~~through 5320), as amended, and the department of housing and urban~~  
6 ~~development act (P.L. 89-174; 42 United States Code section 3535(d)) or~~  
7 ~~designated by the United States department of housing and urban development~~  
8 ~~as an empowerment or enterprise zone pursuant to the federal omnibus budget~~  
9 ~~reconciliation act of 1993 (P.L. 103-66; 26 United States Code section~~  
10 ~~1391(g)).~~

11 ~~3-~~ 2. "Governing body" means:

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

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

16 ~~4-~~ 3. "Income" means gross earnings from wages, salary, commissions,  
17 bonuses or tips from all jobs, net earnings from such person's or family's  
18 own nonfarm business, professional practice or partnership, and net earnings  
19 from such person's or family's own farm. Income includes income, other than  
20 earnings, that consists of amounts received from social security or railroad  
21 retirement, interest, dividends, veterans payments, pensions and other  
22 regular payments, public assistance or welfare payments, including aid for  
23 dependent children, old age assistance and aid to the blind or persons with  
24 total disability, but excluding separate payments for hospital or other  
25 medical care.

26 ~~5-~~ 4. "Manufactured house" means a structure that is manufactured in  
27 a factory after June 15, 1976, that is delivered to a homesite in more than  
28 one section and that is placed on a permanent foundation. The dimensions of  
29 the completed house shall not be less than twenty feet by forty feet, the  
30 roof must be sloping, the siding and roofing must be the same as those found  
31 in site-built houses and the house must be eligible for thirty year real  
32 estate mortgage financing.

33 ~~6-~~ 5. "Municipality" or "county" means the Arizona board of regents  
34 or any incorporated city or town, including charter cities, or any county in  
35 this state in which a corporation may be organized and in which it is  
36 contemplated the corporation will function.

37 ~~7-~~ 6. "Persons of low and moderate income" means, for the purposes of  
38 financing owner-occupied single family dwelling units in areas ~~which~~ THAT the  
39 municipality has found, pursuant to section 36-1479, to be slum or blighted  
40 areas, as defined in section 36-1471, persons and families whose income does  
41 not exceed two and one-half times the median family income of this state. In  
42 all other areas it means persons and families whose income does not exceed  
43 one and one-half times the median family income of this state.

44 ~~8-~~ 7. "Project" means any land, any building or any other improvement  
45 and all real and personal properties, including machinery and equipment  
46 whether or not now in existence or under construction and whether located

1 within or without this state or the municipality or county approving the  
2 formation of the corporation, that are suitable for any of the following:

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

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

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

10 ~~(iii) Any office building or buildings for use as corporate or company~~  
11 ~~headquarters or regional offices or the adaptive use for offices of any~~  
12 ~~building within this state that is on the national register of historic~~  
13 ~~places or rehabilitation of residential buildings located in registered~~  
14 ~~historic neighborhoods.~~

15 ~~(iv)~~ (iii) A health care institution as defined in section 36-401.

16 ~~(v)~~ (iv) Residential real property for dwelling units located within  
17 the municipality or county approving the formation of the corporation and, in  
18 the case of a county, whether or not also within a municipality that is  
19 within the county.

20 ~~(vi)~~ (v) Repairing or rehabilitating single family dwelling units or  
21 constructing or repairing residential fences and walls.

22 ~~(vii)~~ (vi) Convention or trade show facilities.

23 ~~(viii)~~ (vii) Airports, docks, wharves, mass commuting facilities,  
24 parking facilities or storage or training facilities directly related to any  
25 of the facilities as provided in this item.

26 ~~(ix)~~ (viii) Sewage or solid waste disposal facilities or facilities  
27 for the furnishing of electric energy, gas or water.

28 ~~(x)~~ (ix) Industrial park facilities.

29 ~~(xi)~~ (x) Air or water pollution control facilities.

30 ~~(xii)~~ (xi) Any educational institution that is operated by a  
31 nonprofit educational organization that is exempt from taxation under section  
32 501(c)(3) of the United States internal revenue code and that is not  
33 otherwise funded by state monies, any educational institution or organization  
34 that is established under title 15, chapter 1, article 8 and that is owned  
35 by a nonprofit organization, any private nonsectarian school or any private  
36 nonsectarian organization established for the purpose of funding a joint  
37 technical education school district.

38 ~~(xiii)~~ (xii) Research and development facilities.

39 ~~(xiv)~~ (xiii) ANY commercial enterprises, including facilities for  
40 MANUFACTURING, office, recreational, hotel, motel and service uses ~~if the~~  
41 ~~facilities authorized by this item are to be located in a designated area.~~

42 ~~(xv)~~ (xiv) A child welfare agency, as defined in section 8-501, owned  
43 and operated by a nonprofit organization.

44 ~~(xvi)~~ (xv) A transportation facility constructed or operated pursuant  
45 to title 28, chapter 22.

46 ~~(xvii)~~ (xvi) A museum operated by a nonprofit organization.

1           ~~(xviii)~~ (xvii) Facilities owned or operated by a nonprofit  
2 organization described in section 501(c) of the United States internal  
3 revenue code of 1986.

4           ~~(xix)~~ (xviii) New or existing correctional facilities within this  
5 state.

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

14           ~~9-~~ 8. "Property" means any land, improvements thereon, buildings and  
15 any improvements thereto, machinery and equipment of any and all kinds  
16 necessary to a project and any other personal properties deemed necessary in  
17 connection with a project.

18           ~~10-~~ 9. "Research park" means an area of land that has been designated  
19 by the Arizona board of regents as a research park for a university and that,  
20 at the date of designation, is owned by this state or by the Arizona board of  
21 regents.

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

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

29           35-706. Corporate powers

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

33           1. To acquire, whether by purchase, exchange, gift, lease or otherwise  
34 establish, construct, improve, maintain, equip and furnish one or more  
35 projects.

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

39           3. To sell, exchange, donate and convey to others any or all of its  
40 projects or properties ~~upon~~ ON terms and conditions as its board of directors  
41 may deem advisable, including the power to receive for any sale the note or  
42 notes of the purchaser of the project or property, whenever its board of  
43 directors finds the action to further advance the interest of the  
44 corporation.

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

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

6           6. To contract with and employ others to provide and to pay  
7 compensation for professional services and other services as the board of  
8 directors deems necessary for the financing of projects and for the business  
9 of the corporation.

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

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

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

25          10. To acquire and hold obligations of any kind to carry out any of its  
26 purposes.

27          11. Subject to this section, to make loans to any bank, savings and  
28 loan institution, credit union or other mortgage lender, whether organized or  
29 existing under the laws of this state, another state or the United States,  
30 ~~which~~ THAT is qualified to do business in this state, for the purpose of  
31 enabling the institutions to make loans to finance the acquisition,  
32 construction, improvement or equipping of projects ~~which~~ THAT are  
33 owner-occupied single family dwelling units to be occupied by persons of low  
34 and moderate income, as determined by the corporation. The loans shall be  
35 fully secured in the same manner as deposits of public funds or by loans  
36 secured by mortgages, deeds of trust or other security instruments guaranteed  
37 or insured by the United States, or any instrumentality thereof, or by any  
38 private mortgage insurance or surety company ~~which~~ THAT is approved by the  
39 federal home loan mortgage corporation or the federal national mortgage  
40 association and ~~which~~ THAT is licensed to do business in this state, if the  
41 private mortgage insurance shall be in a dollar amount sufficient to satisfy  
42 the mortgage insurance requirements for loans eligible to be purchased by the  
43 federal home loan mortgage corporation or the federal national mortgage  
44 association or any other agency or department of the United States. The  
45 security shall not be necessary if the bonds issued to make the loans are  
46 guaranteed or insured by an agency, department or instrumentality of the

1 United States. Any bonds issued to make loans shall be ratable as "A" or  
2 better by a nationally recognized bond rating agency.

3 12. Subject to this section, to purchase or enter into advance  
4 commitments to purchase loans or any loan interests secured by mortgages,  
5 deeds of trust or other security instruments relating to projects ~~which~~ THAT  
6 are owner-occupied single family dwelling units from or with any bank,  
7 savings and loan institution, credit union or other mortgage lender, whether  
8 organized or existing under the laws of this state, another state or the  
9 United States, ~~which~~ THAT is qualified to do business in this state, on terms  
10 and conditions as may be determined by the corporation. The purpose of the  
11 purchases shall be to finance directly or indirectly the acquisition,  
12 construction, improvement or equipping of projects ~~which~~ THAT are  
13 owner-occupied single family dwelling units to be occupied by persons of low  
14 and moderate income. If the bonds issued to make purchases are not  
15 guaranteed or insured by an agency, department or instrumentality of the  
16 United States or secured by a letter of credit, insurance policy, surety bond  
17 or other credit facility from a financial institution or a combination of  
18 such instruments, the purchased loans shall be guaranteed or insured by the  
19 United States or any agency, department, or instrumentality thereof, or by  
20 any private mortgage insurance or surety company ~~which~~ THAT is approved by  
21 the federal home loan mortgage corporation or the federal national mortgage  
22 association or secured by a letter of credit, insurance policy, surety bond  
23 or other credit facility from a financial institution or a combination of  
24 such instruments. In the case of private mortgage insurance, the insurance  
25 shall be in a dollar amount sufficient to satisfy the mortgage insurance  
26 requirements for loans eligible to be purchased by the federal home loan  
27 mortgage corporation or the federal national mortgage association or any  
28 other agency or department of the United States. Any bonds issued to  
29 purchase loans shall be ratable as "A" or better by a nationally recognized  
30 bond rating agency. If the purchased loans have not been originated on  
31 behalf of the corporation to directly finance projects, the corporation shall  
32 require that the institution receiving proceeds from the sale of the loans  
33 use the proceeds to make loans to finance or refinance the acquisition,  
34 construction, improvement or equipping of projects ~~which~~ THAT are  
35 owner-occupied single family dwelling units to be occupied by persons of low  
36 and moderate income, as determined by the corporation.

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

41 14. To make loans to any person or entity owning residential property  
42 or to make loans to any bank, savings and loan association, credit union or  
43 other mortgage lender, or to purchase or enter into advance commitments to  
44 purchase funding for the repair or improvement of property related to  
45 residential or neighborhood improvement projects. An authority may issue its  
46 bonds or incur other obligations to fund loans or purchases. An authority

1 shall establish the provisions relating to bonds or other obligations,  
2 including the security for the loans, and shall establish the guidelines for  
3 the approval, funding, purchasing and security of the loans.

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

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

12 B. The corporation shall not have the power to operate any project as  
13 a business other than as lessor or seller nor shall any corporation make any  
14 loans pursuant to subsection A, paragraph 9 of this section for projects  
15 ~~which~~ THAT are owner-occupied single family dwelling units except by  
16 utilizing as its contract agent a mortgage lender, whether organized or  
17 existing under the laws of this state, another state or the United States,  
18 ~~which~~ THAT is qualified to do business in this state. Any project  
19 established pursuant to subsection A, paragraph 14 of this section is not  
20 required to use a mortgage lender as its contract agent. The corporation  
21 shall not permit any funds derived from the sale of its bonds to be used,  
22 loaned or provided for the acquisition of any facilities of a public utility  
23 or public service corporation, except as provided in section 35-701. The  
24 corporation shall comply with title 38, chapter 3, article 3.1.

25 C. A person's or family's eligibility for an owner-occupied single  
26 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or  
27 13 of this section shall be determined by considering the person's or  
28 family's income. Owner-occupied single family dwelling units shall only be  
29 financed as provided in subsection A, paragraphs 11, 12 and 13 of this  
30 section unless the owner-occupied single family dwelling units are located in  
31 an area designated pursuant to section 36-1479 as a slum or blighted area as  
32 defined in section 36-1471 by a municipality having a population of more than  
33 two hundred fifty thousand persons according to the most recent United States  
34 decennial census or a special census conducted in accordance with section  
35 42-5033.

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

43 1. The eligibility of mortgage lenders, including the requirement that  
44 all mortgage lenders be approved as mortgagees by the federal housing  
45 administration and the United States department of veterans affairs and be



- 1 approved as sellers and servicers of mortgage loans by the federal national  
2 mortgage association or federal home loan mortgage corporation.
- 3 2. The time within which mortgage lenders must make commitments and  
4 disbursements for mortgage loans.
- 5 3. The character of residences to be financed by mortgage loans.
- 6 4. The eligibility of persons of low and moderate income, including  
7 the requirement that no person of low and moderate income may receive, more  
8 than once in a three year period, a mortgage loan financed directly or  
9 indirectly from the proceeds of bonds issued by the corporation.
- 10 5. The terms and conditions of mortgage loans to be acquired.
- 11 6. The amounts and types of insurance coverage required on residences,  
12 mortgages and bonds.
- 13 7. The representations and warranties of mortgage lenders confirming  
14 compliance with the standards and requirements.
- 15 8. Restrictions as to interest rate and other terms of mortgage loans  
16 and the return realized on mortgage loans by mortgage lenders.
- 17 9. The type and amount of collateral security to be provided to assure  
18 repayment of any loans from the corporation and to assure repayment of bonds.
- 19 10. Assignment of the mortgage loans to a trustee acting on behalf of  
20 the corporation which shall be either a bank or trust company doing business  
21 in this state, having an officially reported combined capital surplus,  
22 undivided profits and reserves of not less than fifteen million dollars.  
23 Trustees must be approved to sell mortgages to and service mortgages for the  
24 federal national mortgage association and the federal home loan mortgage  
25 corporation.
- 26 11. Any other matters related to the purchase of mortgage loans or the  
27 making of loans to mortgage lenders deemed relevant by the corporation. In  
28 establishing standards and requirements, the corporation shall be guided by  
29 the following standards:
- 30 (a) The amount of mortgage monies proposed to be made available in the  
31 area is to be reasonably related to the demand for mortgage monies.
- 32 (b) For projects of owner-occupied single family dwelling units to be  
33 occupied by persons of low and moderate income and financed pursuant to  
34 subsection A, paragraphs 11 and 12 of this section, at least ten ~~per cent~~  
35 PERCENT of all mortgage monies proposed to be made available by the  
36 corporations other than mortgage monies reserved for any period to finance  
37 mortgage loans on residences located within an area designated as a slum or  
38 blighted area as defined in section 36-1471 shall be reserved for at least a  
39 three month period for the financing of mortgage loans on manufactured  
40 housing unless the Arizona commerce authority determines that any bonds  
41 issued to make loans will not be ratable as "A" or better by a nationally  
42 recognized bond rating agency, in which case no such reservation is  
43 required. If all the mortgage monies reserved for manufactured housing are  
44 not committed or used to make mortgage loans during this three month period,  
45 the mortgage lender may allocate the remaining monies to finance mortgage  
46 loans on any single family dwelling unit.

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

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

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

26 F. A corporation may not permit proceeds of bonds or a qualified  
27 mortgage credit certificate program to be used to finance projects ~~which~~ THAT  
28 are owner-occupied single family dwelling units within the corporate limits  
29 of an incorporated city or town unless the governing body of the city or town  
30 has approved the general location and character of the residences to be  
31 financed. The corporation, prior to the issuance of bonds or mortgage credit  
32 certificates for that purpose, shall give written notice to the governing  
33 body of each city or town in which it intends to permit proceeds of an issue  
34 of bonds or mortgage credit certificates to be used to finance projects ~~which~~  
35 THAT are owner-occupied single family dwelling units and of the general  
36 location and character of the residences ~~which~~ THAT may be financed. The  
37 governing body of the city or town shall be deemed to have given its approval  
38 unless it has denied approval by formal action of the governing body within  
39 twenty-one days after receiving the written notice from the corporation.  
40 Approvals given or deemed to have been given with respect to use of proceeds  
41 of an issue of bonds or mortgage credit certificates under this subsection  
42 may not be withdrawn. Denials may be withdrawn by the governing body of a  
43 city or town and approval may be given thereafter if the corporation issuing  
44 the bonds or mortgage credit certificates approves the withdrawal of the  
45 denial.

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

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

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

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

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

39 J. All areas in this state ~~which~~ THAT are either designated pursuant  
40 to section 36-1479 as slum or blighted areas as defined in section 36-1471 or  
41 designated as pockets of poverty by the United States department of housing  
42 and urban development are designated as areas of chronic economic distress  
43 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;  
44 26 United States Code section 103A).

45 K. Any corporation that is described in subsection E of this section  
46 and that desires to exercise the powers granted in subsection A, paragraphs

1 11, 12 and 13 of this section, with respect to owner-occupied single family  
2 dwelling units located in two or more counties, may do so if the corporation,  
3 before issuing bonds or mortgage credit certificates for that purpose, gives  
4 written notice to the governing bodies of the other counties and their  
5 respective corporations, if any, of its intent to permit the proceeds of an  
6 issue of bonds or mortgage credit certificates to finance projects within its  
7 jurisdiction ~~which~~ THAT are owner-occupied single family dwelling units. The  
8 governing body of a county and its respective corporation, if any, ~~which~~ THAT  
9 have been given notice are deemed to have approved the use of the proceeds or  
10 mortgage credit certificates for owner-occupied single family dwelling units  
11 within their jurisdiction and approved the use of any state ceiling, as  
12 defined in section 35-901, unless approval is denied by formal action of the  
13 governing body or the board of directors of the corporation, if any, within  
14 twenty-one days after receiving written notice from the corporation. Absent  
15 a denial of approval as stated in this subsection, a cooperative agreement  
16 providing for the exercise of the powers granted in subsection A, paragraphs  
17 11, 12 and 13 of this section is deemed to exist among the applicable  
18 counties or corporations. Approvals given or deemed to have been given with  
19 respect to the matters stated in this subsection may not be withdrawn.  
20 Denials by the governing body of a county apply only to the unincorporated  
21 areas of the county. Denials may be withdrawn by the governing body of a  
22 county and approval may be given thereafter if the corporation issuing the  
23 bonds or mortgage credit certificates approves the withdrawal of the denial.  
24 Mortgage credit certificates and bond proceeds issued pursuant to this  
25 subsection shall be available on an equitable basis within each of the  
26 participating counties.

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

29 1. ANY LAWSUIT FILED AGAINST THE CORPORATION RELATED TO THE ISSUANCE  
30 OF BONDS.

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

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

34 35-708. Financing certain owner-occupied single family  
35 dwelling; exception

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

41 B. This section does not apply to projects described in section  
42 35-701, paragraph ~~8- 7~~, subdivision (a), item ~~(vi)~~ (iii) or programs  
43 established pursuant to section 35-706, subsection A, paragraph 14.

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

45 35-901. Definitions

46 In this chapter, unless the context otherwise requires:

- 1           1. "Authority" means the Arizona commerce authority.
- 2           2. "Bond" means any obligation ~~which~~ THAT is subject to the provisions
- 3 of section 146 of the code, excluding obligations that received a
- 4 carry-forward allocation in a prior year.
- 5           3. "Business day" means between the hours of 8:00 a.m. and 5:00 p.m.,
- 6 mountain standard time, any day of the week other than a Saturday, a Sunday
- 7 or a legal holiday or a day on which the authority is authorized or obligated
- 8 by law or executive order to close.
- 9           4. "Carry-forward project" means any project receiving a carry-forward
- 10 allocation pursuant to section 35-907.
- 11           5. "Certificate of closing" means the certificate of closing adopted
- 12 for use by and to be filed with the authority declaring that bonds were
- 13 issued or that a qualified mortgage credit certificate program has been
- 14 established.
- 15           6. "Chief executive officer" means the chief executive officer of the
- 16 authority.
- 17           7. "Code" means the United States internal revenue code of 1986, as
- 18 amended, and its applicable regulations.
- 19           8. "Confirmation" means the allocation confirmation ~~which~~ THAT
- 20 confirms an allocation to a project in the form adopted for use by the
- 21 authority.
- 22           9. "Issued" means, with respect to a bond or bonds, either of the
- 23 following:
- 24           (a) The bond or bonds have been delivered and paid for in full.
- 25           (b) For bonds issued pursuant to a draw-down loan for which a bond
- 26 purchaser has agreed to receive and pay for the bonds of the issue in
- 27 increments from time to time, all of the bonds are treated as issued on the
- 28 first date on which the aggregate principal amount of such bonds delivered
- 29 and paid for exceeds the lesser of fifty thousand dollars or five ~~per cent~~
- 30 PERCENT of the aggregate issue price of the issue.
- 31           10. "Issuer" means an entity or person issuing bonds.
- 32           11. "Manufacturing project" means a project as described in section
- 33 35-701, paragraph ~~8- 7~~, subdivision (a), item ~~(i), (ii), (x)~~ (vii) or (xiii).
- 34           12. "Mortgage credit certificate" means a certificate as described in
- 35 section 25(c)(1) of the code.
- 36           13. "Nonurban area" means all areas of this state not within the
- 37 boundaries of the urban cities.
- 38           14. "Notice of intent" means the notice of intent to be filed with the
- 39 authority in the form adopted for use by the authority.
- 40           15. "Project" means a qualified mortgage credit certificate program or
- 41 any construction, acquisition, planned expenditure or other activity,
- 42 including all phases of a multiphased project ~~which~~ THAT requests allocations
- 43 in the same year and including costs of issuance, capitalized interest and
- 44 discounts, financed with bonds and located in this state or directly
- 45 benefiting residents of this state. All qualified mortgage credit
- 46 certificate programs and qualified mortgage revenue bonds, or combinations of

1 such programs and bonds, of a single issuer or group of issuers acting  
2 together, constitute a single project for the purposes of this paragraph.

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

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

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

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

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

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

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

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

25 24. "Year" means the calendar year.

26 Sec. 6. Section 36-1474, Arizona Revised Statutes, is amended to read:  
27 36-1474. Powers of municipalities

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

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

34 2. To arrange or contract for the furnishing or repair, by any person  
35 or agency, public or private, of services, privileges, works, streets, roads,  
36 public utilities or other facilities for or in connection with a  
37 redevelopment project, and anything to the contrary contained in this article  
38 or any other provision of law notwithstanding, to agree to any conditions  
39 that it deems reasonable and appropriate attached to federal financial  
40 assistance and imposed pursuant to federal law relating to the determination  
41 of prevailing salaries or wages or compliance with labor standards, in the  
42 undertaking or carrying out of a redevelopment project, and to include in any  
43 contract let in connection with a redevelopment project, provisions to  
44 fulfill the conditions as it deems reasonable and appropriate.

45 3. Within its area of operation:

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

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

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

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

23 (e) To make any of the covenants, restrictions or conditions of the  
24 foregoing contracts covenants running with the land and to provide  
25 appropriate remedies for any breach of these covenants or conditions,  
26 including the right in the municipality to terminate these contracts and any  
27 interest in the property created pursuant thereto.

28 (f) To borrow money and issue bonds and provide security for loans or  
29 bonds.

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

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

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

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

1           5. To borrow money and to apply for and accept advances, loans,  
2 grants, contributions and any other form of financial assistance from the  
3 federal government, the state, county or other public body or from any  
4 sources, public or private, for the purposes of this article, to give such  
5 security as may be required and to enter into and carry out contracts in  
6 connection therewith. Notwithstanding any other law, a municipality may  
7 include in any contract for financial assistance with the federal government  
8 for a redevelopment project conditions imposed pursuant to federal law THAT  
9 the municipality deems reasonable and appropriate and ~~which~~ THAT are not  
10 inconsistent with the purposes of this article.

11           6. Within its area of operation, to make or have made all surveys,  
12 appraisals, studies and plans, including the preparation of a general plan  
13 for the development of the municipality, necessary to carry out the purposes  
14 of this article and to contract or cooperate with any and all persons or  
15 agencies, public or private, to make and to carry out the surveys,  
16 appraisals, studies and plans.

17           7. To prepare plans and provide reasonable assistance for the  
18 relocation of families displaced from a redevelopment project area to the  
19 extent essential for acquiring possession of and clearing the area or parts  
20 of the area to permit the carrying out of the redevelopment project.

21           8. To appropriate funds and make expenditures necessary to carry out  
22 the purposes of this article and to make expenditures from funds obtained  
23 from the federal government without regard to any other laws pertaining to  
24 the making and approval of appropriations and expenditures.

25           9. To exercise all or any part or combination of powers granted by  
26 this section.

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

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

APPROVED BY THE GOVERNOR MARCH 30, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2015.