

No. 1981-120

## AN ACT

## HB 530

Amending the act of July 28, 1953 (P.L.723, No.230), entitled, as amended, "An act relating to counties of the second class and second class A; amending, revising, consolidating and changing the laws relating thereto," providing for the publication of audit summaries, providing for the creation of residential finance authorities, granting powers and imposing duties, providing for governing bodies of such authorities and granting the authorities the power to issue bonds to provide funds for residential financing by owners.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1920, act of July 28, 1953 (P.L.723, No.230), known as the "Second Class County Code," amended December 10, 1980 (P.L.1159, No.211), is amended to read:

Section 1920. Controller's Settlement of Accounts; Report to Common Pleas; Publications; Financial Report to Department of Community Affairs.—The controller shall, at the end of each fiscal year, complete the audit, settlement and adjustment of the accounts of all county officers. He shall, in the month of May in every year, make a report, verified by oath or affirmation, to the court of common pleas of said county, of all receipts and expenditures of the county for the preceding year, in detail, and classified by reference to the object thereof, together with a full statement of the financial conditions of the county. **[Such]** *A concise summary of this* report shall thereupon be published one time in such newspapers published in the county as the controller may direct, but the aggregate cost thereof shall not exceed two thousand dollars (\$2000) in any one year, to be paid for out of the county treasury. Such report may also be published in printed pamphlets, at the cost of the county, the number and cost of such pamphlets to be determined by the controller and the county commissioners. The controller shall also, within sixty days after the close of the fiscal year, make an annual report to the Department of Community Affairs of the financial condition of the county, on forms furnished by the Secretary of Community Affairs, and subject to the penalties provided in section 1921 of this act for the controller refusing or neglecting to make similar reports.

Section 2. The act is amended by adding an article to read:

*Article XXII-A*

*Residential Finance Authorities*

*Section 2201-A. Definitions.—As used in this article the following words and phrases shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:*

**“Authority.”** *A Residential Finance Authority created and activated pursuant to section 2202-A.*

**“Bonds.”** *Includes any evidence of indebtedness for money borrowed.*

**“Field of operation.”** *The area within the territorial boundaries of a county, excluding any area lying within the boundaries of any city: Provided, however, That any such city may, by resolution, elect to be included within the field of operation of the county.*

**“Lending institution.”** *Any bank, trust company, bank and trust company, mortgage bank, savings bank, credit union, National banking association, savings and loan association, building and loan association, insurance company, or other financial institution authorized to transact business in the Commonwealth and which customarily lends, or provides service or other aids in lending, money for the purchase or improvement of residences located in the Commonwealth.*

**“Residential loan note.”** *An interest-bearing obligation evidencing a loan of money made for the financing of the acquisition, construction, reconstruction, rehabilitation, renovation or improvement of a residence.*

**“Residence.”** *The structure (or a condominium unit in a structure), including the appurtenant land, located within the authority’s field of operation which is the dwelling place of an individual or one family, provided that, such term may, at the discretion of the board of an authority, include a structure in such field of operation containing more than one dwelling unit.*

**Section 2202-A. Creation.—***There are hereby created separate and distinct bodies, which shall at all times be public instrumentalities and bodies corporate and politic (one for each second class county of the Commonwealth). Each such authority shall be known as the “(Name of county) Residential Finance Authority.” No authority shall transact any business or be otherwise operative until and unless the board of county commissioners of any county of the second class finds and declares by proper resolution that there is a need for an authority to function within the county and thereby activates such authority to carry out the purposes of this article. A certified copy of such resolution shall be filed with the Secretary of the Commonwealth. Upon receipt of said resolution, the Secretary of the Commonwealth shall issue a certificate of incorporation. A copy of the certificate of incorporation duly certified by the Secretary of the Commonwealth shall be conclusive proof that the authority has been properly established.*

**Section 2203-A. Governing Body.—***The powers of each authority shall be exercised by a board consisting of five members appointed by the board of county commissioners who may remove any member at any time with cause. Subject to the foregoing sentence, the provisions of section 7 of the act of May 2, 1945 (P.L.382, No.164), known as the “Municipality Authorities Act of 1945,” are hereby incorporated by reference and made applicable to authorities.*

**Section 2204-A. Purposes and Powers.**—Every authority activated pursuant to this act shall have as its purpose the broadening of the market for housing, alleviating shortages of housing, stimulating the market for housing and improving the quality of life of the residents of the Commonwealth by making available funds for loans evidenced by residential loan notes. Each authority activated pursuant to this article shall be a public instrumentality, a public body corporate and politic, and shall have all of the powers granted to authorities under section 4.B of the act of May 2, 1945 (P.L.382, No.164) known as the “Municipality Authorities Act of 1945,” to the extent not inconsistent with this article and to the extent necessary to carry out the foregoing purposes and shall also have the following powers:

(1) To proceed with foreclosure actions, to own, lease, clear, construct, reconstruct, rehabilitate, renovate, improve, repair, maintain, manage, operate, assign, encumber, sell or otherwise dispose of any real or personal property obtained by the authority due to default on any loan held by the authority.

(2) To sell, at public or private sale, with or without public bidding, any mortgage, mortgage loan or other instrument or asset or any item of real or personal property owned by the authority.

(3) To invest in, make commitments to purchase, take assignments from and to purchase from lending institutions residential loan notes and to accept the assignment of any mortgage or other security given for such note, acquired by such lending institution pursuant to a prior agreement between the authority and such lending institution which agreement requires the lending institution to make residential loans to its customers on terms and conditions specified by the authority in such agreement, including but not limited to terms and conditions relating to the rate of interest on and security for such notes.

(4) To make residential loans directly to natural persons to enable such persons to acquire residences or to rehabilitate residences owned by or to be acquired by such persons: Provided, however, That each such loan must be made pursuant to an agreement with a lending institution which requires the loan to be originated and serviced by such lending institution.

(5) To become a mortgagee approved for participation in all mortgage insurance programs of the United States Department of Housing and Urban Development or the Federal Housing Administration or any successor to either and to enter such contracts and agreements with the United States Department of Housing and Urban Development or the Federal Housing Administration or their respective successors as may be required to achieve such status.

(6) To do all other acts or things necessary or convenient for the general welfare of the authority and to carry out the powers granted to it to fulfill its purposes.

**Section 2205-A. Bonds.**—(a) An authority shall have the power to issue bonds, including refunding bonds: Provided, however, That the

*principal, interest and other charges thereon be payable solely and exclusively from repayment or sale of any residential loan notes (including amounts received by the authority from the sale of real estate or other collateral given for such loans) purchased by the authority or moneys contributed to an authority by a county or a municipality, investment income or proceeds of refunding bonds.*

*(b) The bonds shall be sold at public or private sale for such prices as the authority may determine, mature at such time or times, bear interest at such rate or rates, be in such form, contain such provisions for redemption, and be entitled to such priorities on the revenues and receipts of such authority, and contain such other terms all as the authority may determine. The bonds and any appurtenant coupons may be signed manually by or may bear the facsimile signature of such officer or officers as the authority may determine.*

*Section 2206-A. Transfers, Grants and Loans to Authorities.—Any county which has activated an authority and any municipality in which an authority is authorized to act is hereby authorized to sell, lease, grant, convey, assign or transfer, with or without consideration, or lend, any facilities, or any interest in real or personal property, or money (including but not limited to the proceeds of any Federal, State or other grants, gifts, contributions or similar revenues) to such authority to assist it in carrying out any authorized activity under this article. This section, without reference to any other law, shall be deemed complete authority for such action, the provisions of other laws to the contrary notwithstanding.*

*Section 2207-A. Bonds not Obligations of Commonwealth, Counties or Municipalities.—Obligations issued under this article shall not be, nor be deemed to be, a debt or liability of the Commonwealth or any county or municipality or a pledge of the faith, credit or taxing power of the Commonwealth or any county or municipality for any purpose, and all obligations shall contain a statement to the effect that such obligations do not constitute a debt or liability of the Commonwealth or any county or municipality for any purpose, and that neither the faith and credit nor the taxing power of the Commonwealth or the county or municipality is pledged to or available for the payment of the principal of or any premium or interest on such obligations.*

*Section 2208-A. Incorporation by Reference.—The provisions of sections 5.B, 5.C, 6, 8, 10, 12, 13, 14, 15 and 17 of the act of May 2, 1945 (P.L.382, No.164), known as the "Municipality Authorities Act of 1945," are hereby made applicable to authorities and to this article and are incorporated herein by reference as if set out at length: Provided, however, That references in such sections to "authorities" shall be deemed to be references to authorities created and activated pursuant to section 2202-A and references therein to "this act" shall be deemed to be references to this article.*

Section 3. The powers herein granted in section 2204-A(3), (4) and (5) and section 2205-A(a) and (b) shall not be exercised by an authority

after June 30, 1984. After June 30, 1984, the authority shall have power only to do those things necessary to wind-up its affairs and terminate its existence.

Section 4. This act shall take effect immediately.

APPROVED—The 5th day of November, A. D. 1981.

DICK THORNBURGH