

Senate

GOVERNMENT AFFAIRS COMMITTEE

Minutes of Meeting - March 31, 1975

Present: Chairman Gibson
 Senator Walker
 Senator Dodge
 Senator Foote
 Senator Gojack
 Senator Schofield

Also Present:

Mike Melner, Dept. of Commerce
 Pearl M. Lee, personal interest
 Bill Dwyer, United Taxpayers of Washoe County
 J. A. Downey, United Taxpayers of Washoe County
 Vince Anselmo, Dept. of Commerce
 John R. Kimball, Member of Advisory Committee for aged
 Pete Hopkins, Nevada Bankers Assn.
 W. Warren, N.B.A., F.N.B.
 Gino DelCarlo, F.N.B., N.B.A.
 Don Youngham, N.N. Bldg. Assoc.
 Lynn Cooper, N.N. Bldrs. Assoc
 James E. Baker, Economic Opportunity, Rural housing
 B.b Rigsby, State Planning Coordination office
 Paul Williams, State of Oregon, Housing Division
 R. J. Bissett, Weyerhaeuser Mortgage Co.
 Steve Brown, Paine, Webber, Jackson & Curtis, Reno
 David B. Midgley, Same as above, Chicago
 Stephen M. Bach, Same as above, Reno
 Frank Matthews, S.T.O.E.O.
 Don Brodeen, Southern Nev. Mortgage Banker
 Pat Malony, Southern Nevada Mortgage Banker

The twenty fifth meeting of the Government Affairs Committee was called to order at 2:45 p.m. and a quorum was present.

SB-354 Creates housing division in department of commerce to finance low-cost housing. (BDR 25-798)

Mike Melner, Department of Commerce, spoke to the committee on the needs to have this sort of legislation. Mr. Melner indicated that there are many people who are very good credit risks and are returned down for housing loans because the payments are too high. This bill would enable the Department of Commerce to make the loans at a lower interest rate and thus enable many people in Nevada to purchase a moderately priced home. Mr. Melner felt that the bill as written gives them more power than they needed or requested. He stated that since the bill has come out there has been much comment made regarding the powers they will have if the bill is passed. This bill was patterned after the Oregon bill.

Chairman Gibson requested Mr. Melner to "red-line" the bill to reflect what they want and need. This would give the committee a better idea of what the bill will do and probably eliminate many questions.

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There was considerable discussion on various sections throughout the bill and Mr. Melner indicated that in most cases it could be reworded or deleted out of the bill. The "redlined" copy of the bill will be ready for the committee on Tuesday, April 1st.

Senator Dodge questioned the kind of rules used to determine who is qualified and requested Mr. Melner to work up a schedule to reflect the rule for determination and a schedule of the costs on housing in order to determine how many people in Nevada this bill would affect.

Mr. Paul Williams, State of Oregon, Housing Division, stated that although their program has not started up they have their rules and regulations set up. They estimate that with two hundred million dollars you would create 7,000 new jobs. Their bill is similar to the bill Nevada proposes but has many areas in which it is more liberal as well as some where their bill is more restrictive, i.e. doesn't allow them to lend property, they can't own utilities or use them for commercial property.

James E. Baker, Rural Housing, is concerned about providing low cost housing for the elderly. Is in favor of this bill as there is a great need to provide this type of housing.

Pat Hopkins, First National Bank, representing the Nevada Bankers Association, is in support of this bill but feels that there are many areas that need further definition. Mr. Hopkins felt there was an urgent need to provide low cost housing in Nevada. He did a study that reflected the costs differential between a 30 year mortgage based on the following interest rates; 6-1/2%, 7-1/2%, 8% and 8-1/2%. The difference in cost per month between the 6-1/2% and the 8-1/2% was \$41.00. Questions why the bill has a provision to loan money to lending institutions. Doesn't support construction loans as they are not insured loans.

John Melvin, Salamon Brothers, New York, stated that the section of the bill which addresses itself to loans for lending institutions supplies money to the mortgage market, a program whereby bonds are sold and the proceeds go to the mortgage lenders of the state. It is a general obligation loan to the lender. The advantage of this is that in certain markets you can get a lower interest rate without the moral obligation to the state.

Mike Melner stated that the savings and loans institutions seem to feel that this is a good program.

Dick Bissett, Southern Nevada Bankers Association, stated that they had no objections to this bill as far as intent but since he hasn't had an opportunity to read the bill he will not state that he supports the bill as written. Mr. Bissett also feels that there is a great need for this type of legislation.

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Chairman Gibson requested Mr. Melner to make up a list of the programs that we would qualify for and those we would not qualify for under SB-354.

Don Brodeen, Southern Nevada Mortgage Bankers Association felt that this type of legislation was badly needed but would hold comment on sections of the bill he disagreed with until he could see a revised bill.

James Baker, felt that the intent of this bill was not to match funding with the federal government but the program should be created and funded through state agencies.

Senator Dodge questioned whether there were now or projected to have any federal programs that will fund the money for people to buy homes in the state of Nevada, if so would they be considered part of this bill.

James Baker, stated that this would not be the case, any program funding money for housing would be directly sponsored and taken care of by the government.

Don Younghans, Nevada Builders Association, stated that they are in favor of the idea of SB-354 but not as it is now written. With the changes Mr. Melner has indicated that he will make they feel the bill will be a good piece of legislation.

Gene Milligan, State of Nevada Association of Realtors, stated that they also supported the concept of the bill and suggested that the committee should look at the original draft which they supported.

Pearl Lee, personal interest, stated that due to her status she was not in any category and would not be helped by this piece of legislation.

Bill Dwyer, United Taxpayers Association, Washoe County, stated that this bill will only extract more money from the taxpayer who will not benefit from this bill. Doesn't feel the bill is going to help many people.

Jack Downey, Executive Vice President, Taxpayers Association, reiterated Mr. Dwyer's statement concerning SB-354. He also feels that the bill will in the long run cost the taxpayers and benefit few people. He also stated that the 50 year mortgage was too long.

Joe McDonald, Norther Nevada Builders Association, stated that about 75% of the people that are living in apartments would much prefer to own a home but their income is not high enough to qualify them. Believes this would be a good bill and is badly needed in Nevada.

Library Note:

During the examination of this set of minutes, page 4 of this meeting (Bates stamped page 694) was found to be missing. The page is also missing from the microfiche.

Research Library
March 2011

S E N A T E

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS
MONDAY
DATE March 31, 1975... TIME 2:45 P.M. ... ROOM 345

Bills or Resolutions
to be considered

Subject

Counsel
Requested*

SB-354

Creates housing division in department
of commerce to finance low-cost
housing. (BDR 25-798)

Notify: Senator Bryan, Mike Melner,
Department of Commerce

* Please do not ask for counsel unless necessary

S. B. 354

 SENATE BILL NO. 354—SENATORS BRYAN, HILBRECHT,
 GOJACK, SHEERIN, ECHOLS, SCHOFIELD, BLAKEMORE
 AND WILSON

MARCH 18, 1975

Referred to Committee on Government Affairs

SUMMARY—Creates housing division in department of commerce to finance
 low-cost housing. Fiscal Note: Yes. (BDR 25-798)EXPLANATION—Matter in *italics* is new; matter in brackets [] is
 material to be omitted.

 AN ACT relating to housing; creating a housing division in the department of
 commerce; vesting it with appropriate power to promote the development of
 housing for persons of low and moderate income; and providing other matters
 properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,
 do enact as follows:*

- 1 SECTION 1. NRS 232.230 is hereby amended to read as follows:
 2 232.230 1. The department of commerce is hereby created.
 3 2. The department [~~shall consist~~] *consists* of a director and the fol-
 4 lowing divisions:
 5 (a) Banking division.
 6 (b) Consumer affairs division.
 7 (c) *Housing division*.
 8 (d) Insurance division.
 9 ~~[(d)]~~ (e) Real estate division.
 10 ~~[(e)]~~ (f) Savings and loan division.
 11 ~~[(f)]~~ (g) State fire marshal division.
 12 SEC. 2. NRS 232.250 is hereby amended to read as follows:
 13 232.250 The director shall:
 14 1. Appoint, with the consent of the governor, a chief of each of the
 15 divisions of the department. In making such appointments, the director
 16 shall obtain lists of nominees from recognized professional organiza-
 17 tions, if any, in the appropriate professions and shall make such appoint-
 18 ments after consultation with and concurrence of such organizations.
 19 The chief of the banking division shall be known as the superintendent
 20 of banks, the chief of the consumer affairs division shall be known as the
 21 commissioner of consumer affairs, *the chief of the housing division shall*
 22 *be known as the administrator of the housing division*, the chief of the

1 insurance division shall be known as the commissioner of insurance, the
2 chief of the real estate division shall be known as the real estate adminis-
3 trator, the chief of the savings and loan division shall be known as the
4 commissioner of savings associations and the chief of the state fire mar-
5 shal division shall be known as the state fire marshal.

6 2. Be responsible for the administration, through the divisions of the
7 department, of the provisions of Titles 55 to 57, inclusive, of NRS,
8 chapter 645 of NRS, NRS 598.360 to 598.640, inclusive, *sections 4 to*
9 *48, inclusive, of this act*, and all other provisions of law relating to the
10 functions of the divisions of the department.

11 SEC. 3. Title 25 of NRS is hereby amended by adding thereto a new
12 chapter to consist of the provisions set forth as sections 4 to 48, inclusive,
13 of this act.

14 SEC. 4. This chapter may be cited as the Nevada Housing Finance
15 Law.

16 SEC. 5. The legislature finds and declares that:

17 1. There exists a serious shortage of decent, safe and sanitary housing
18 in this state available to persons and families of low and moderate income.

19 2. This condition is conducive to disease, crime, environmental
20 decline and poverty, impairs the economic value of large areas, which
21 are characterized by depreciated value; impaired investments, reduced
22 capacity to pay taxes, and lack of new development to meet the needs of
23 area residents, and is a menace to the health, safety, morals and welfare
24 of the citizens of this state.

25 3. This condition results in a loss of population and further deteriora-
26 tion accompanied by added costs to communities for creation of new
27 public facilities and services elsewhere.

28 4. It is difficult and uneconomic for individual owners independently
29 to remedy this condition.

30 5. It is desirable to encourage joint efforts to clear, replan, rehabilitate
31 and reconstruct such areas and to provide sufficient development in other
32 areas; it is necessary to create inducements and opportunities for private
33 and public investment in such activities in such areas with appropriate
34 planning, land use and construction policies; and such activities on a large
35 scale are necessary for the public welfare.

36 6. One major cause of this condition has been recurrent shortages of
37 money from private sources, and such shortages have contributed to
38 reductions in construction of new residential housing and have made the
39 sale and purchase of existing residential housing a virtual impossibility in
40 certain parts of the state.

41 7. The ordinary operations of private enterprise have not in the past
42 corrected these conditions.

43 8. The reduction in housing construction has caused substantial unem-
44 ployment and underemployment in the construction industry which results
45 in hardships, wastes human resources, increases the public assistance
46 burdens of the state, impairs the security of family life, impedes the eco-
47 nomic and physical development of the state and adversely affects the
48 welfare, health and prosperity of all the people of this state.

49 9. A stable supply of adequate money for the construction of housing

1 is required to encourage new housing in an orderly and sustained manner
2 and thereby to reduce these detrimental results.

3 10. It is necessary to create a state housing finance agency to
4 encourage the investment of private capital and stimulate the construc-
5 tion and rehabilitation of housing through the use of public financing, to
6 provide construction and mortgage loans, and to make loans to and
7 purchase mortgage loans from mortgage lenders.

8 11. All of the purposes set forth in subsection 10 are public purposes
9 and uses for which public moneys may be borrowed, expended, advanced,
10 loaned or granted.

11 SEC. 6. As used in this chapter, the words and terms defined in
12 sections 7 to 18, inclusive, of this act have the meanings ascribed to
13 them in those sections.

14 SEC. 7. "Administrator" means the administrator of the housing
15 division of the department of commerce.

16 SEC. 8. "Development costs" means the total of all costs incurred in
17 connection with residential housing, which are approved by the division
18 as reasonable and necessary, which include but are not necessarily lim-
19 ited to the following:

20 1. Cost of land acquisition and any buildings thereon, including
21 payments for options, deposits or contracts to purchase properties on the
22 proposed housing site or payments for the purpose of such properties;

23 2. Cost of site preparation, demolition and development;

24 3. Fees for architectural, engineering, legal, accounting and other
25 services paid or payable in connection with the planning, execution and
26 financing of the residential housing;

27 4. Cost of necessary studies, surveys, plans and permits;

28 5. Cost of insurance, interest, financing, tax assessments and other
29 operating and carrying costs during construction;

30 6. Cost of construction, rehabilitation, reconstruction, fixtures, fur-
31 nishings, equipment, machinery and apparatus related to the real prop-
32 erty;

33 7. Cost of land improvements, including landscaping and offsite
34 improvements, whether or not any such cost has been paid in cash or
35 in a form other than cash;

36 8. Necessary expenses in connection with initial occupancy of the
37 residential housing;

38 9. A reasonable builder's and developer's profit and risk fee in addi-
39 tion to job overhead;

40 10. An allowance established by the division for working capital,
41 contingency reserves and reserves for any anticipated operating deficits
42 during the early years of occupancy; and

43 11. The cost of such other items, including tenant relocation, as the
44 division determines to be reasonable and necessary for the development
45 of the residential housing.

46 SEC. 9. "Division" means the housing division of the department of
47 commerce.

48 SEC. 10. "Eligible developer" means any natural person, joint ven-
49 ture, partnership, limited partnership, trust, firm, association, corpora-
50 tion, cooperative, condominium or other legal entity, or any combination

1 thereof, approved by the division as qualified to own, construct, acquire,
2 rehabilitate, operate, manage or maintain residential housing whether
3 organized for profit, not for profit or for limited profit, subject to the
4 regulatory powers of the division and the other terms and conditions
5 set forth in this chapter.

6 SEC. 11. "Eligible family" means a person or family, selected without
7 regard to race, creed, national origin or sex, determined by the division
8 to require such assistance as is made available by this chapter on account
9 of insufficient personal or family income after taking into consideration,
10 without limitation, such factors as:

11 1. The amount of the total income of such person or family available
12 for housing needs;

13 2. The size of the family;

14 3. The cost and condition of housing facilities available;

15 4. The ability of the person or family to compete successfully in the
16 normal private housing market and to pay the amounts at which private
17 enterprise is providing decent, safe and sanitary housing; and

18 5. If appropriate, standards established for various federal programs
19 determining eligibility based on income of such persons and families.

20 SEC. 12. "Federally insured mortgage" means a mortgage loan for
21 residential housing insured or guaranteed by the United States or a gov-
22 ernmental agency or instrumentality thereof, or a commitment by the
23 United States or a governmental agency or instrumentality thereof to
24 insure such a mortgage;

25 SEC. 13. "Governmental agency" means the United States of America,
26 this state or any department, division, public corporation, public agency,
27 political subdivision or other public instrumentality of either;

28 SEC. 14. "Lending institution" means any bank or trust company,
29 Federal National Mortgage Association approved mortgage banker, sav-
30 ings bank, credit union, national banking association, savings and loan
31 association or other financial institution or governmental agency which
32 customarily provides service or otherwise aids in the financing of mort-
33 gages located in this state.

34 SEC. 15. "Mortgage" means a mortgage deed, deed of trust or other
35 instrument which constitutes a lien on real property in fee simple or on a
36 leasehold under a lease whose remaining term, at the time such mortgage
37 is acquired, does not expire for at least that number of years beyond the
38 maturity date of the obligation secured by such mortgage as is established
39 by the division as necessary to protect its interest as mortgagee.

40 SEC. 16. "Mortgage loan" means an interest bearing obligation
41 secured by a mortgage on land and improvements in this state.

42 SEC. 17. "Real property" means all lands, including improvements
43 and fixtures thereon and property of any nature appurtenant thereto or
44 used in connection therewith, and every estate, interest and right, legal
45 or equitable, therein, including terms of years and liens by way of judg-
46 ment, mortgage or otherwise and the indebtedness secured by such liens.

47 SEC. 18. "Residential housing" means one or more new or existing
48 residential dwelling units financed pursuant to the provisions of this chap-
49 ter for the primary purpose of providing decent, safe and sanitary dwell-
50 ing accommodations for eligible families in need of housing, including

1 any buildings, land, improvements, equipment, facilities or other real or
2 personal properties which are necessary, convenient or desirable in con-
3 nection therewith, and including but not limited to streets, sewers, utilities,
4 parks, site preparation, landscaping and other nonhousing facilities such
5 as administrative, community, transportation, health, recreational, edu-
6 cational, commercial, retail, welfare and public facilities which the divi-
7 sion determines improve the quality of the residential living for eligible
8 families.

9 SEC. 19. 1. The division shall administer the provisions of this
10 chapter. The administrator may adopt, amend or rescind regulations,
11 consistent with the provisions of this chapter, appropriate to carry out its
12 purposes.

13 2. The administrator may make copies of all proceedings and other
14 records and documents of the division and issue certificates under the seal
15 of the division to the effect that such copies are true copies, and all per-
16 sons dealing with the division may rely upon such certificates.

17 3. The division may employ architects, engineers, attorneys, account-
18 ants, financial experts and such other advisers and employees, consultants
19 and agents as the administrator may determine to be necessary and the
20 administrator may fix their compensation.

21 4. Before September 1 of each even-numbered year the division shall
22 submit a report of its activities for the biennium ending June 30 of that
23 year to the governor, state treasurer and the legislature. Each such report
24 shall set forth a complete operating and financial statement of the
25 agency during such biennium. The agency shall cause an audit of its
26 books and accounts to be made at least once in each fiscal year by the
27 legislative auditor or a certified public accountant approved by him.

28 SEC. 20. The division may:

29 1. Make and execute contracts and all other instruments necessary or
30 convenient for the exercise of its powers and functions under this chapter
31 with any governmental agency, private corporation or other entity, or
32 natural person.

33 2. Enter into agreements or other transactions with, and accept
34 grants from and cooperate with any governmental agency or other
35 source in furtherance of the purposes of this chapter.

36 SEC. 21. The division may:

37 1. Acquire or contract to acquire real or personal property, or any
38 interest therein, on a temporary or permanent basis in its own name by
39 gift, purchase, transfer, foreclosure, lease or otherwise, including rights
40 or easements in property;

41 2. Hold, sell, assign, lease, encumber, mortgage or otherwise dispose
42 of any real or personal property or any interest therein;

43 3. Hold, sell, assign or otherwise dispose of any mortgage interest
44 owned by it or under its control, custody or in its possession; and

45 4. Release or relinquish any right, title, claim, lien, interest, easement
46 or demand however acquired, including any equity or right of redemp-
47 tion in property foreclosed by it.

48 Any such disposition may be made by public or private sale, with or
49 without public bidding.

1 SEC. 22. The division may:

2 1. Establish such funds or accounts as may be necessary or desirable
3 for furtherance of the purposes of this chapter.

4 2. Invest or deposit its moneys, subject to any agreement with bond-
5 holders or noteholders, and is not required to keep any of its moneys
6 in the state treasury. The provisions of chapters 355 and 356 of NRS
7 ~~do not apply to such investments or deposits.~~

8 SEC. 23. The division may provide advice, technical information,
9 training and educational services, conduct research and promote the
10 development of housing, building technology and related fields.

11 SEC. 24. The division may:

12 1. Make, undertake commitments to make and participate with lend-
13 ing institutions in the making of mortgage loans, including federally
14 insured mortgage loans, and make temporary loans and advances in antic-
15 ipation of mortgage loans, to eligible developers to finance the construc-
16 tion or rehabilitation of residential housing.

17 2. Make, undertake commitments to make and participate with lend-
18 ing institutions in the making of mortgage loans to eligible families who
19 may purchase residential housing, including eligible families of low and
20 moderate income who are eligible or potentially eligible for federally
21 insured mortgage loans or federally assisted programs. Such loans shall be
22 made only after a determination by the administrator that mortgage loans
23 are not otherwise available from private lenders upon reasonably equiva-
24 lent terms and conditions.

25 3. Enter into regulatory and other agreements and contracts with
26 eligible developers under the provisions of this chapter.

27 SEC. 25. The following terms and conditions govern the making of
28 any mortgage loan by the agency to an eligible developer:

29 1. The mortgage loan shall not exceed 100 percent of the develop-
30 ment cost as approved by the division in the case of a nonprofit housing
31 corporation or consumer cooperative or 95 percent of the development
32 cost as approved by the division in the case of any other eligible devel-
33 oper.

34 2. The mortgage loan shall be secured in such manner and be repaid
35 in such period, not exceeding 50 years, as may be determined by the
36 division and shall bear interest at a rate determined by the division. In
37 addition to such interest charges, the division may charge and collect
38 such fees and charges, including reimbursement of the division's operat-
39 ing expenses, financing costs, service charges, insurance premiums and
40 mortgage insurance premiums as the division determines to be rea-
41 sonable.

42 3. Each mortgage and promissory note accompanying such mortgage
43 shall contain such terms and provisions and be in such form as are
44 approved by the division.

45 4. Each mortgage loan to an eligible developer for residential hous-
46 ing shall be accompanied by an agreement between the division and the
47 eligible developer which subjects the eligible developer and its principals
48 or stockholders, if any, to limitations established by the division as to
49 rentals and other charges, builder's and developer's profits and fees, and
50 the disposition of its property and franchise to the extent more restrictive

1 limitations are not provided by the law under which the eligible devel-
2 oper is incorporated or organized by this chapter.

3 5. An eligible developer shall not make distributions of income or
4 earnings from or have equity in residential housing financed by the
5 division in any 1 year in excess of the amount prescribed by regulations
6 of the division.

7 SEC. 26. The division may make loans or advances, with or without
8 interest and whether or not secured by a mortgage:

9 1. To eligible developers which are nonprofit entities for the develop-
10 ment costs of residential housing which the division reasonably anticipates
11 will be permanently financed under one of the division's programs or with
12 a federally insured mortgage;

13 2. To eligible families for the costs or reconstruction, rehabilitation
14 or other improvements of existing residential dwelling units owned and
15 occupied by such eligible families; and

16 3. To eligible families for down payment costs, closing costs and
17 other initial expenses of acquiring, financing or refinancing residential
18 dwelling units owned and occupied or to be owned and occupied by such
19 eligible families.

20 SEC. 27. The division may at all times during the construction or
21 rehabilitation of residential housing financed by a loan or advance from
22 the division, and during the operation thereof:

23 1. Enter upon and inspect any residential housing, including all parts
24 thereof, for the purpose of investigating the physical and financial condi-
25 tion thereof, and its construction, rehabilitation, operation, management
26 and maintenance, and examine all books and records of the eligible devel-
27 oper with respect to capitalization, income and other matters relating
28 thereto and make such charges as may be required to cover the cost of
29 such inspections and examinations.

30 2. Order such alterations, changes or repairs as may be necessary to
31 protect the security of its investment in residential housing or the health,
32 safety, and welfare of the occupants or users thereof and to insure that
33 the residential housing is or has been constructed or rehabilitated in con-
34 formity with all applicable plans and specifications and building codes.

35 3. Order any managing agent or eligible developer of residential
36 housing to do such acts as may be necessary to comply with the provi-
37 sions of all applicable laws, ordinances or building codes or any regula-
38 tion of the division or the terms of any agreement concerning the
39 residential housing or to refrain from doing any acts in violation thereof.
40 The division is a proper party to file a complaint and to prosecute thereon
41 for any violations of law, ordinances or building codes pertaining to such
42 housing.

43 SEC. 28. 1. The division may institute any action or proceeding
44 against any eligible developer receiving a loan under the provisions of
45 this chapter, or owning any residential housing subject to this chapter,
46 in any court of competent jurisdiction to enforce the provisions of this
47 chapter or the terms and provisions of any agreement or contract
48 between the division and such recipients of loans, to foreclose its mort-
49 gage, or to protect the public interest, the occupants of the residential

1 housing, or the stockholders or creditors, if any, of such eligible devel-
2 opers. In connection with any such action or proceeding, it may apply
3 for the appointment of a receiver to take over, manage, operate and
4 maintain the affairs of such eligible developer and the administrator or
5 an employee of the division designated by him may accept appointment
6 as such receiver of any such eligible developer when so appointed by a
7 court of competent jurisdiction.

8 2. The reorganization of any eligible developer, to the extent possible
9 under the provisions of law, is subject to the supervision and control of
10 the division and no such reorganization may be had without the prior
11 written consent of the administrator. If judgment is rendered against any
12 eligible developer in any action not pertaining to the foreclosure of a
13 mortgage, there shall be no sale of any of the real property included in
14 any residential housing of such eligible developer except upon 60 days'
15 written notice to the division. Upon receipt of such notice the division
16 shall take such steps as in its judgment may be necessary to protect the
17 rights of all parties.

18 SEC. 29. 1. The division may:

19 (a) Invest in, purchase or make commitments to purchase, and take
20 assignments from lending institutions of mortgage loans and promissory
21 notes accompanying such mortgage loans, including federally insured
22 mortgage loans or participations with lending institutions in such promi-
23 sory notes and mortgage loans, for the construction, rehabilitation, pur-
24 chase, leasing or refinancing of residential housing within this state.

25 (b) Sell, at public or private sale, with or without public bidding, any
26 mortgage or other obligation held by the division.

27 2. At or before the time of purchase, the lending institution shall
28 certify to the division with respect to all mortgage loans transferred to
29 the division:

30 (a) That the mortgage loans transferred to the division are for residen-
31 tial housing for eligible families within this state; or

32 (b) That the proceeds of sale or its equivalent will be reinvested in
33 mortgage loans for residential housing for eligible families within this
34 state in an aggregate principal amount equal to the amount of such sale
35 proceeds.

36 SEC. 30. The division may:

37 1. Renegotiate, refinance or foreclose, or contract for the foreclosure
38 of any mortgage in default;

39 2. Waive any default or consent to the modification of the terms of
40 any mortgage;

41 3. Commence any action to protect or enforce any right conferred
42 upon it by any law, mortgage, contract or other agreement;

43 4. Bid for and purchase property upon which it holds a mortgage at
44 any foreclosure or at any other sale, or acquire and take possession of
45 any such property;

46 5. Operate, manage, lease, dispose of and otherwise deal with such
47 property in such manner as may be necessary to protect the interest of
48 the agency and the holders of its bonds, notes and other obligations; and

49 6. Consent to any modification with respect to rate of interest, time
50 and payment of any installment of principal or interest, security or any

1 other term of any contract, mortgage, mortgage loan, mortgage loan com-
2 mitment, contract or agreement of any kind to which the agency is a
3 party,
4 subject to any agreement with bondholders or noteholders,

5 SEC. 31. 1. The division may:

6 (a) Make loans to lending institutions under terms and conditions
7 requiring the proceeds thereof to be used by such lending institutions for
8 the making of new mortgage loans for residential housing;

9 (b) Purchase securities from lending institutions under terms and con-
10 ditions requiring that such securities finance mortgage loans for residen-
11 tial housing;

12 (c) Require that loans to or securities purchased from lending institu-
13 tions shall be additionally secured as to payment of both principal and
14 interest by a pledge of and lien upon collateral security in such amounts
15 and consisting of such obligations, securities, and mortgage loans as the
16 administrator determines to be necessary to assure the payment of such
17 loans or securities purchased and the interest thereon as the same become
18 due.

19 2. The division may require in the case of any or all lending insti-
20 tutions that any required collateral be lodged with a bank or trust com-
21 pany, located either within or outside the state, designated by the division
22 as custodian therefor. In the absence of such requirement, a lending
23 institution shall, if collateral is to be provided for the loan or securities
24 purchased, upon receipt of the proceeds from the division, enter into an
25 agreement with the division containing such provisions as the division
26 deems necessary to identify adequately and maintain and service such
27 collateral and providing that such lending institution shall hold such
28 collateral as an agent for the division and shall be held accountable as
29 the trustee of an express trust for the application and disposition thereof
30 and the income therefrom solely to the uses and purposes in accordance
31 with the provisions of such agreement. A copy of each such agreement
32 and any revisions or supplements thereto shall be filed as required by the
33 Uniform Commercial Code—Secured Transactions, and the lien and
34 trust for the benefit of the division so created shall be binding from the
35 time made against all parties having claims of any kind in tort, contract
36 or otherwise against such lending institution. The division may also
37 establish such additional requirements as the administrator deems neces-
38 sary with respect to the pledging, assigning, setting aside or holding of
39 such collateral and the making of substitutions therefor or additions
40 thereto and the disposition of income and receipts therefrom.

41 3. The division may collect, enforce the collection of and foreclose
42 on any collateral securing its loan to or purchase of securities from lend-
43 ing institutions and acquire or take possession of such collateral and sell
44 the collateral at public or private sale, with or without public bidding, and
45 otherwise deal with such collateral as may be necessary to protect the
46 interest of the division therein, all subject to any agreement with bond
47 holders or noteholders.

1 SEC. 32. The division may charge and collect from eligible developers,
2 eligible families and lending institutions such fees and charges as the divi-
3 sion may establish from time to time for its lending and mortgage purchase
4 programs.

5 SEC. 33. The division may provide insurance for long-term mortgage
6 loans, or portions thereof, made by lending institutions approved by the
7 division to eligible developers or eligible families, as determined by the
8 division, or participate with other public or private entities in the provision
9 of such insurance. The division may establish such terms and conditions
10 as it deems necessary for the supervision of lending institutions, holders
11 of division-insured loans, eligible developers or eligible families and for its
12 insurance program, including, without limiting the generality of this sec-
13 tion, the maximum interest rates, down payment requirements, refinancing
14 terms, insurance premium requirements and remedies on default or fore-
15 closure.

16 SEC. 34. The division may procure insurance against any loss in con-
17 nection with its property and other assets, including mortgages and mort-
18 gage loans, in such amounts and from such insurers as it deems desirable.

19 SEC. 35. The division shall not finance any residential housing unless,
20 prior to such financing, the administrator finds that:

21 1. There exists a shortage of decent, safe and sanitary housing at
22 rentals or prices which eligible families can afford within the general
23 housing market area.

24 2. Private enterprise and investment have been unable, without assist-
25 ance, to provide an adequate supply of decent, safe and sanitary housing
26 in such housing market area at rentals or prices which persons or fami-
27 lies of low and moderate income can afford or to provide sufficient
28 mortgage financing for residential housing for occupancy by such persons
29 or families.

30 3. The proposed residential housing will increase the supply or
31 improve the quality of decent, safe and sanitary housing for eligible
32 families.

33 4. The residential housing to be developed or assisted by the division
34 pursuant to the provisions of this chapter will be of public use and will
35 provide a public benefit.

36 5. The residential housing will be undertaken and the eligible devel-
37 opers, if any, regulated pursuant to the regulations of the division and
38 within the restrictions provided in this chapter.

39 6. The division's estimates of its revenues from the financing of the
40 residential housing, together with all subsidies, grants or other financial
41 assistance from governmental agencies or other entities to be received in
42 connection with the residential housing, will be sufficient to pay the
43 amount estimated by the division as necessary for debt service on its
44 notes and bonds to be issued for the financing of the residential housing.

45 SEC. 36. The division may:

46 1. Issue from time to time its negotiable notes and bonds in such
47 principal amount as the administrator determines to be necessary to pro-
48 vide sufficient funds for achieving any of its statutory purposes, including
49 the payment of interest on notes and bonds of the division, establishment
50 of bond reserve funds and other reserves to secure such notes and bonds,

1 and all other expenditures for the division necessary or convenient to
2 carry out its statutory purposes and powers.

3 2. Issue notes to renew notes and bonds to pay notes, including the
4 interest thereon.

5 Except as may otherwise be expressly provided by the terms of a particu-
6 lar issue, every issue of its notes and bonds shall be general obligations of
7 the division payable out of any revenues or moneys of the division, subject
8 only to any agreements with the holders of particular notes or bonds
9 pledging any particular revenues.

10 SEC. 37. 1. The notes and bonds shall be signed by the administrator,
11 who may use a facsimile signature for this purpose, shall bear such date or
12 dates and shall mature at such time or times as the administrator may
13 determine, except that no bond may mature more than 50 years from the
14 date of its issue. The bonds may be issued as serial bonds payable in
15 annual installments or as term bonds or as a combination thereof. The
16 notes and bonds shall bear interest at such rate or rates, be in such denom-
17 inations, have such registration privileges, be executed in such manner, be
18 payable in such medium of payment, at such place or places within or
19 without the state, and be subject to such terms of redemption as the admin-
20 istrator may determine. The notes and bonds of the division may be sold
21 by the division at public or private sale at such price or prices as the
22 administrator determines.

23 2. If the administrator whose signature appears on any notes or bonds
24 or coupons ceases to act in that capacity before the delivery of such notes
25 or bonds, his signature is valid and sufficient for all purposes as if he
26 had remained in office until such delivery.

27 SEC. 38. The division in issuing any notes or bonds may contract
28 with the holders thereof as to:

29 1. Pledging all or any part of the revenues of the division to secure
30 the payment of the notes or bonds subject to such agreements with
31 noteholders or bondholders as may then exist.

32 2. Pledging all or any part of the assets of the division, including
33 mortgages and obligations securing such assets, to secure the payment of
34 the notes or bonds subject to such agreements with noteholders or
35 bondholders as may then exist.

36 3. The use and disposition of the gross income from mortgages
37 owned by the division and the payment of principal of mortgages owned
38 by the division.

39 4. The setting aside of reserves or sinking funds and the regulation
40 and disposition thereof.

41 5. Limitations on the purpose to which the proceeds of sale of notes
42 or bonds may be applied and pledging such proceeds to secure the pay-
43 ment of the notes or bonds or of any issue thereof.

44 6. Limitations on the issuance of additional notes or bonds, the terms
45 upon which additional notes or bonds may be issued and secured, and
46 the refunding of outstanding or other notes or bonds.

47 7. The procedure, if any, by which the terms of any contract with
48 noteholders or bondholders may be amended or abrogated, the amount
49 of notes or bonds the holders of which must consent thereto, and the
50 manner in which such consent may be given.

1 8. Limitations on the amount of moneys to be expended by the divi-
2 sion for operating expenses of the division.

3 9. Vesting in a trustee or trustees such property, rights, powers and
4 duties in trust as the administrator may determine, which may include
5 any or all of the rights, powers and duties of the trustee appointed by the
6 bondholders pursuant to this chapter and limiting or abrogating the right
7 of the bondholders to appoint a trustee under this act or limiting the
8 rights, powers and duties of such trustee.

9 10. Defining the acts or omissions which shall constitute a default
10 in the obligations and duties of the division to the holders of the notes
11 or bonds and providing for the rights and remedies of the holders of the
12 notes or bonds in case of such default, including as a matter of right
13 the appointment of a receiver, but such rights and remedies shall not be
14 inconsistent with the general laws of this state and the other provisions
15 of this chapter.

16 11. Any other matters, or like or different character, which in any
17 way affect the security or protection of the holders of the notes or
18 bonds.

19 Any pledge made by the division is valid and binding from the time
20 when the pledge is made. The revenues, moneys or property so pledged
21 and thereafter received by the division are immediately subject to the lien
22 of such pledge without any physical delivery thereof or further act, and
23 the lien of any such pledge is valid and binding as against all persons
24 having claims of any kind in tort, contract or otherwise against the divi-
25 sion, whether or not such persons have notice thereof. Neither the pro-
26 ceedings of the division relating to the bonds or notes nor any other
27 instrument by which a pledge is created need be recorded.

28 SEC. 39. In the discretion of the administrator, bonds issued by the
29 division may be secured by a trust indenture or trust indentures by and
30 between the division and a corporate trustee, which may be any trust
31 company or bank having the power of a trust company within or outside
32 this state. Such trust indenture may contain such provisions for protecting
33 and enforcing the rights and remedies of the bondholders as may be reason-
34 able and proper and not in violation of law, including covenants setting
35 forth the duties of the division in relation to the exercise of its statutory
36 powers and the custody, safeguarding and application of all moneys. The
37 division may provide by such trust indenture for the payment of the pro-
38 ceeds of the bonds and the revenues to the trustee under such trust inden-
39 ture or other depository, and for the method of disbursement thereof, with
40 such safeguards and restrictions as the administration may determine. All
41 expenses incurred in carrying out such trust indenture may be treated as
42 part of the operating expenses of the division. Such trust indenture may
43 limit or abrogate the right of the holders of any bonds, notes or other
44 obligations of the division to appoint a trustee under this chapter or limit
45 the rights, powers and duties of such trustee.

46 SEC. 40. The division may procure or agree to the procurement of
47 insurance or guarantees from any governmental agency or from any pri-
48 vate insurance company, of the payment of any bonds or notes or any
49 other evidences of indebtedness thereof issued by the agency or by any
50 lending institution, and may pay premiums on such insurance.

1 SEC. 41. The division, subject to such agreements with noteholders
2 or bondholders as may then exist, may, out of any moneys available
3 therefor, purchase its notes or bonds, which shall thereupon be canceled,
4 at a price not exceeding:

5 1. The redemption price then applicable plus accrued interest to the
6 next interest payment thereon if the notes or bonds are then redeemable;
7 or

8 2. ~~The redemption price applicable on the first date after such pur-~~
9 ~~chase upon which the notes or bonds become subject to redemption plus~~
10 ~~accrued interest to such date if the notes or bonds are not redeemable.~~

11 SEC. 42. 1. The division may issue refunding obligations to refund
12 any obligations then outstanding which have been issued under the pro-
13 visions of this chapter, including the payment of any redemption premium
14 thereon and any interest accrued or to accrue to the date of redemption
15 of such obligations and for any statutory purpose of the agency. The
16 issuance of such obligations, the maturities and other details thereof, the
17 rights of the holders thereof, and the rights, duties and obligations of
18 the division in respect to them are governed by the provisions of this
19 chapter which relate to the issuance of original obligations insofar as
20 appropriate.

21 2. Refunding obligations issued as provided in this section may be
22 sold or exchanged for outstanding obligations issued under this chapter
23 and, if they are sold, the proceeds thereof may be applied, in addition to
24 any other authorized purposes, to the purchase, redemption or payment
25 of such outstanding obligations. Pending the application of the proceeds
26 of any such refunding obligations, with any other available funds, to the
27 purpose for which they are issued, such proceeds may be invested in direct
28 obligations of, or obligations the principal of and the interest on which are
29 unconditionally guaranteed by, the United States of America which mature
30 or which are subject to redemption by the holders thereof, at the option
31 of such holders, not later than the respective dates when the proceeds,
32 together with the interest accruing thereon, will be required for the pur-
33 poses intended.

34 SEC. 43. 1. The division may establish one or more bond reserve
35 funds, and shall pay into each such bond reserve fund:

36 (a) Any moneys appropriated by the legislature for the purpose of
37 such fund;

38 (b) Any proceeds of sale of notes or bonds to the extent provided in
39 connection with the issuance thereof; and

40 (c) Any other moneys which may be available to the division for the
41 purpose of such fund from any other source or sources.

42 All moneys held in any bond reserve fund, except as otherwise expressly
43 provided in this chapter, shall be used, as required, solely for the payment
44 of the principal of bonds secured in whole or in part by such fund or of
45 the sinking fund payments with respect to such bonds, the purchase or
46 redemption of such bonds, the payment of interest on such bonds or
47 the payment of any redemption premium required to be paid when such
48 bonds are redeemed prior to maturity.

49 2. Moneys in such a fund shall not be withdrawn therefrom at any
50 time in such amount as would reduce the amount of the fund below the

1 bond reserve fund requirement established for that fund, except for the
2 purpose of paying when due, with respect to bonds secured in whole or
3 in part by such fund, principal, interest, redemption premiums and sink-
4 ing fund payments for the payment of which other moneys of the division
5 are not available. Any income or interest earned by or incremental to
6 any bond reserve fund resulting from the investment thereof may be trans-
7 ferred by the division to other funds or accounts of the division to the
8 extent that it does not reduce the amount of that bond reserve fund
9 below the bond reserve fund requirement for such fund.

10 SEC. 44. The division shall not at any time issue bonds, secured in
11 whole or in part by a bond reserve fund, if upon the issuance of those
12 bonds, the amount in that bond reserve fund will be less than the bond
13 reserve fund requirement for that fund, unless the division at the time of
14 issuance of such bonds deposits in that fund from the proceeds of the
15 bonds issued, or from other sources, an amount which, together with the
16 amount then in that fund, will not be less than the bond reserve fund
17 requirement for that fund. The bond reserve fund requirement, as of any
18 particular date of computation, is an amount of money, specified in the
19 proceedings of the division authorizing the bonds with respect to which
20 such fund is established, equal to not more than the greatest of the
21 respective amounts, for the current or any future fiscal year of the
22 agency, of annual debt service on the bonds of the division secured in
23 whole or in part by such fund. The annual debt service for any fiscal
24 year is the amount of money equal to the aggregate of all interest and
25 principal payable on such bonds during the fiscal year, calculated on the
26 assumption that all such bonds are paid at maturity, or if any amount of
27 such bonds is required to be redeemed on any earlier date by operation
28 of a sinking fund, then on the assumption that such amount of bonds is
29 redeemed on such earlier date and that such amount is considered prin-
30 cipal payable on such bonds during the year they are to be redeemed.

31 SEC. 45. 1. The provision of bond reserve fund requirements is
32 designed to assure the continued operation and solvency of the division
33 for the carrying out of its statutory purposes. To assure such maintenance
34 of the bond reserve funds, the administrator shall, on or before December
35 1 of each even-numbered year, make and deliver to the governor his
36 certificate stating the sum, if any, required to restore each bond reserve
37 fund of the division to the bond reserve fund requirement for such fund.
38 The governor shall include in the state budget the sum, if any, required
39 to restore each such bond reserve fund to the bond reserve fund require-
40 ment for such fund.

41 2. All amounts appropriated to the division by the legislature pur-
42 suant to the provisions of this section constitute and shall be accounted
43 for as advances from the general fund to the division and, subject to the
44 rights of the holders of any bonds or notes of the agency issued before
45 or after any such advance, shall be repaid to the general fund without
46 interest from all available operating revenues of the division in excess of
47 amounts required for the payment of bonds, notes or obligations of the
48 agency, the bond reserve fund and operating expenses.

1 SEC. 46. 1. If the division defaults in the payment of principal of
2 or interest on any bonds or notes issued under this chapter after it is
3 due, whether at maturity or upon call for redemption, and such default
4 continues for a period of 30 days, or if the division fails or refuses to
5 comply with the provisions of this chapter or defaults in any agreement
6 made with the holders of an issue of its bonds or notes, the holders of
7 25 percent in aggregate principal amount of the bonds or notes of such
8 issue then outstanding, by instrument or instruments filed in the office of
9 the secretary of state and proved or acknowledged in the same manner
10 as a deed to be recorded, may appoint a trustee to represent the holders
11 of such bonds or notes for the purposes provided in this section.

12 2. The trustee may, and upon written request of the holders of 25
13 percent in principal amount of such bonds or notes then outstanding shall,
14 in his or its own name:

15 (a) Enforce the right of the bondholders or noteholders to require the
16 division to collect interest and amortization payments on the mortgages
17 held by it adequate to carry out any agreement as to, or pledge of, such
18 interest and amortization payments, and to require the division to carry
19 out any other agreements with the holders of such bonds or notes and to
20 perform its duties under this act.

21 (b) Enforce the right of the bondholders or noteholders to collect and
22 enforce the payment of principal of and interest due or becoming due on
23 loans to lending institutions and collect and enforce any rights in respect
24 to collateral securing such loans or sell such collateral, so as to carry out
25 any contract as to, or pledge of revenues, and to require the division to
26 carry out any contract as to, or pledge of revenues, and to require the
27 division to perform its duties under this chapter.

28 (c) Bring suit upon all or any part of such bonds or notes.

29 (d) By civil action, require the agency to account as if it were the
30 trustee of an express trust for the holders of such bonds or notes.

31 (e) By civil action, enjoin any acts or things which may be unlawful
32 or in violation of the rights of the holders of such bonds or notes.

33 (f) Declare all such such bonds or notes due and payable, and if all
34 defaults are made good then with the consent of the holders of 25 per-
35 cent of the principal amount of such bonds or notes then outstanding, to
36 annul such declaration and its consequences.

37 (g) Enforce any other right of the bondholders or noteholders con-
38 ferred by law or by the proceedings of the division authorizing the
39 issuance of the bonds or notes.

40 3. The trustee shall, in addition to the powers listed in subsection 2,
41 have all the powers necessary or appropriate for the exercise of any
42 functions specifically set forth in this section or incident to the general
43 representation of bondholders or noteholders in the enforcement and
44 protection of their rights.

45 4. Before declaring the principal of bonds or notes due and payable,
46 the trustee shall give 30 days' notice in writing to the governor, to the
47 administrator and to the attorney general of this state.

48 5. The district court of the first judicial district has jurisdiction of
49 any suit, action or proceeding by the trustee on behalf of bondholders or
50 noteholders.

1 SEC. 47. 1. The State of Nevada hereby pledges to and agrees with
2 the holders of any notes or bonds issued under this chapter that the
3 state will not limit or alter the rights vested in the division by this chap-
4 ter to fulfill the terms of any agreements made with such holders or in
5 any way impair the rights and remedies of such holders until such notes
6 and bonds, together with the interest thereon, with interest on any unpaid
7 installments of interest, and all costs and expenses in connection with
8 any action or proceeding by or on behalf of such holders, are fully met
9 and discharged. The division may include this pledge and agreement of
10 the state in any agreement with the holders of such notes or bonds.

11 2. Obligations issued under the provisions of this chapter do not con-
12 stitute a debt, liability or obligation of this state or of any political sub-
13 division thereof, or a pledge of the faith and credit of this state or of any
14 political subdivision thereof, but are payable solely from the revenues or
15 assets of the division. Each obligation issued under this chapter shall
16 contain on the face thereof a statement to the effect that the division is
17 not obligated to pay the obligation or the interest thereon except from
18 the revenues or assets pledged therefor and that neither the faith and
19 credit nor the taxing power of this state or of any political subdivision
20 thereof is pledged to the payment of the principal of or the interest on
21 such obligation.

22 SEC. 48. 1. The notes and bonds of the division are legal invest-
23 ments in which all public officers and public bodies of the state, its
24 political subdivisions, all municipalities and municipal subdivisions, all
25 insurance companies and associations and other persons carrying on an
26 insurance business, all banks, savings and loan associations and trust
27 companies, all administrators, guardians, executors, trustees and other
28 fiduciaries, and all other persons who are authorized on or after July 1,
29 1975, to invest in bonds or in other obligations of this state, may prop-
30 erly and legally invest funds, including capital, in their control or belong-
31 ing to them. The notes and bonds are securities which may properly and
32 legally be deposited with and received by all public officers and public
33 bodies of the state or any agency or political subdivision of the state and
34 all municipalities and public corporations for any purpose for which the
35 deposit of bonds or other obligations of this state is authorized by law
36 on or after July 1, 1975.

37 2. The notes and bonds of the division are securities within the
38 meaning of the Uniform Commercial Code—Investment Securities.