

COUNCIL OF THE DISTRICT OF COLUMBIA

NOTICE

D. C. LAW 2-135

"District of Columbia Housing Finance Agency Act"

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 2-161, on first and second readings, July 25, 1978 and September 19, 1978 respectively. Following the signature of the Mayor on November 1, 1978, this legislation was assigned Act No. 2-291, published in the December 1, 1978, edition of the D.C. Register, (Vol. 25, page 5008) and transmitted to Congress on January 18, 1979 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and, therefore, cites the following legislation as D.C. Law 2-135, effective March 3, 1979.

  
ARLINGTON DIXON  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January 18, 19, 22, 23, 24, 25, 26, 29, 30, 31

February 1, 2, 5, 6, 7, 8, 9, 13, 14, 15, 16, 20, 21, 22,  
23, 26, 27, 28

March 1, 2

*Enrolled One*

D.C. LAW 2-135

AN ACT

EFFECTIVE DATE MAR 03 1979

2-291

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

NOVEMBER 1, 1978

To establish a housing finance agency in the District of Columbia to provide safe and sanitary housing within the financial means of families and persons of low and moderate incomes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "District of Columbia Housing Finance Agency Act".

TABLE OF CONTENTS

TITLE I - POLICY AND DEFINITIONS

Sec. 101. Declaration of Policy

Sec. 102. Definitions

TITLE II - ESTABLISHMENT OF THE AGENCY

Sec. 201. Creation of the Agency

Sec. 202. Board of Directors

Sec. 203. Employees

Sec. 204. Conflict of Interest

Sec. 205. Requirement for Surety Bonding

TITLE III - OPERATIONS OF THE AGENCY

Sec. 301. General Powers

Sec. 302. Loans to Sponsors

Sec. 303. Purchase of Mortgage Loans

Sec. 304. Loans to Mortgage Lenders

Sec. 305. Supportive Programs

Sec. 306. Rules and Regulations

Sec. 307. Technical Assistance

Sec. 308. Exemption from Rent Control

TITLE IV - FINANCIAL AFFAIRS OF THE AGENCY

Sec. 401. Sources of Funds

Sec. 402. Issuance of Bonds and Notes

Sec. 403. Terms for Sale of Bonds and Notes

Sec. 404. Trust Indenture

Sec. 405. Agency Purchase of Its Own Bonds

and Notes

Sec. 406. Special or Reserve Funds

Sec. 407. Non-alteration of Rights of Bondholders

and Noteholders

Sec. 408. Credit of District Not Pledged

Sec. 409. Bonds and Notes as Legal Investments

Sec. 410. District Tax Exemption

Sec. 411. Deposits and Monies in Trust

TITLE V - PUBLIC ACCOUNTABILITY

Sec. 501. Administrative Procedure Act

Sec. 502. Advisory Board

Sec. 503. Annual Report

Sec. 504. Annual Audit

TITLE VI - MISCELLANEOUS PROVISIONS

Sec. 601. Liberal Construction

Sec. 602. Severability

Sec. 603. Effective Date

TITLE I

POLICY AND DEFINITIONS

Sec. 101. Declaration of Policy

(a) The Council of the District of Columbia hereby finds that a decline in the number of housing units in the District of Columbia, together with the existing number of substandard dwellings, has produced a critical shortage of adequate housing for low and moderate income families; that this shortage of affordable housing and the inability of residents to obtain appropriate financing compels a substantial number of District residents to live in unsanitary, overcrowded and unsafe conditions and to expend a disproportionate portion of their incomes on housing; that these conditions are detrimental to the health and welfare of District residents and adversely affect the economy of the District; that a major cause of this housing crisis is the cost of funds made available by mortgage lenders in the District to finance housing for low and moderate income

families; and further that this situation has frustrated the construction, lease, sale and purchase of housing units for low and moderate income families.

(b) The Council determines that a corporate instrumentality of the District shall be created and given authority to generate funds from private and public sources to increase the supply and lower the cost of funds available for residential mortgages and construction loans and thereby help alleviate the shortage of adequate housing. The Council further determines that this purpose can be accomplished through programs whereby mortgage lenders and/or the Agency make mortgage, construction and rehabilitation loans for single and multifamily rental and home ownership units on terms designed to expand available housing opportunities. The Council further determines that the goals of neighborhood and fiscal stability can be achieved through a policy of residential economic diversity.

(c) The Council hereby declares that the enactment of this act is in the public interest and for the public benefit, and that the authority and powers conferred by this act and the expenditure of monies pursuant to this act are to serve valid public purposes.

Sec. 102. Definitions

The following terms as used in this act shall have the following meanings unless a different meaning clearly appears from the context:

- (a) "act" means this Housing Finance Agency Act.
- (b) "Agency" means the District of Columbia Housing Finance Agency.
- (c) "Board" means the Board of Directors of the District of Columbia Housing Finance Agency.
- (d) "bonds", "notes" and "other obligations" refer to any bonds, notes, debentures, interim certificates or other evidences of financial indebtedness of the Agency authorized to be issued under the provisions of this act.
- (e) "Council" means the Council of the District of Columbia.
- (f) "construction loan" means a short term advance of monies for the purpose of constructing or rehabilitating residential housing.
- (g) "District" means the District of Columbia.
- (h) "eligible persons" means individuals and families who qualify for housing under a given program according to the requirements of the program as authorized by this act and rules and regulations promulgated by the Agency pursuant to such requirements.

(i) "Forward Commitment Mortgage Purchase Program" means a program pursuant to which the Agency commits to purchase from mortgage lenders mortgage loans committed to and originated by the mortgage lender after the date of the Agency's commitment where the loans are to low or moderate income persons for financing housing units to be owner-occupied or are loans which meet the requirements of section 302(d) or section 302(c) of this act.

(j) "homeownership program" means any type of program through which a person can achieve an ownership position in a residential unit including, but not limited to, cooperatives and condominiums.

(k) "housing project" means a number of dwelling units located in the District of Columbia assisted by the Agency under the provisions of this act including, but not limited to, units acquired, financed, refinanced, constructed, rehabilitated and/or converted to a condominium or a cooperative with the assistance of the Agency. A project may incorporate ancillary facilities which may include:

(l) necessary or desirable appurtenances to residential housing such as, but not limited to, streets, sewers, utilities, parks and stores, as the Agency determines to be appropriate;

(2) such community facilities including, but not limited to, health, recreational, educational and welfare facilities, as the Agency determines to be appropriate; and

(3) ancillary commercial facilities which the Agency determines to be necessary to make the remainder of the project financially feasible: PROVIDED, HOWEVER, That the primary use of the project shall be for residential housing.

(1) "low-income persons" means persons and families whose annual income as determined by the Agency does not exceed the following percentages of the median Standard Metropolitan Statistical Area (SMSA) family income for the District of Columbia, as such SMSA family income may be revised from time to time.

Percentage of SMSA

<u>Family Size</u>	<u>Median Family Income</u>
1	50.4%
2	57.6%
3	64.8%
4	72.0%
5	76.5%
6	81.0%
7	85.5%
8	90.0%

The Agency shall adjust upward from 90.0% the percent of SMSA Median Family Income by 4.5% for every additional family member over eight (8) persons.

(m) "moderate income persons" means persons and families whose annual income as determined by the Agency does not exceed one hundred twenty percent (120%) of the median Standard Metropolitan Statistical Area (SMSA) family income (as such SMSA family income may be revised from time to time) applied to an eight (8) or more person household and adjusted downward for household size in accordance with formula adopted by the Agency.

(n) "mortgage" means an interest in real property located within the District of Columbia which is improved or to be improved by one or more housing units, which interest secures a mortgage loan or participation in a mortgage loan and constitutes a lien on the fee simple interest in such real property or on a leasehold interest therein having an unexpired term longer than the term in which the mortgage loan secured is to be amortized.

(o) "mortgage lender" means any bank, mortgage banking company, trust company, savings bank, savings and loan association, credit union, national banking association, federal savings and loan association or federal credit union maintaining an office in the District, or any insurance

company authorized to do business in the District and deemed eligible by the Agency to participate in any of its programs.

(p) "mortgage loan" means an obligation secured by a mortgage issued for the purposes of financing residential housing.

(q) "sponsor" means a sole proprietor, joint venture, partnership, limited partnership, trust, corporation, cooperative, or condominium, whether nonprofit or organized for profit, which owns a housing project pursuant to the provisions of this act.

(r) "subsidy" means any resources generated through appropriation by the federal or District government, or donated by a public or private source; the resources must be designated for meeting housing expense and may be payments to the occupant of a housing unit as reimbursement for monies expended, payment made for supplementing housing or rent payments made by an occupant, or payments made to effect a reduction in mortgage interest rates paid by the mortgagor of a housing unit.

## TITLE II

### ESTABLISHMENT OF THE AGENCY

#### Sec. 201. Creation of the Agency

The District of Columbia Housing Finance Agency is created as a corporate body which has a legal existence separate from the government of the District but which is an instrumentality of the government of the District created to effectuate certain public purposes.

Sec. 202. Board of Directors

(a) The Agency shall be governed by a Board of Directors, which shall be comprised of nine (9) members as follows:

- (1) three (3) ex officio members who shall be:
  - (A) the Director of the Department of Housing and Community Development;
  - (B) the Director of the Office of Municipal Planning; and
  - (C) the Director of the Office of Budget and Management Systems;

(2) six (6) public members, being residents of the District, of whom:

- (A) two (2) shall have experience in mortgage lending or finance;
- (B) two (2) shall have experience in home building, real estate, architecture or planning; and
- (C) two (2) shall represent community or consumer interests.

(b) The six (6) public members of the Board shall be appointed by the Mayor on or after February 1, 1979, with the advice and consent of the Council. Not more than five (5) of the public members shall belong to the same political party. Each ex officio member may designate a representative to perform his respective duties and powers under this act, including the power to vote. Notwithstanding the provisions of any other law, no officer or employee of the District shall be deemed to have forfeited or shall forfeit his office or employment by reason of his acceptance of membership on the Board or his service thereon.

(c) Of the six (6) public members first appointed to the Board, three (3) shall be appointed to terms of office expiring in one (1) year and the remaining three (3) to terms of office expiring in three (3) years, after which their successors shall be appointed to terms of office of four (4) years each. The Mayor or the Board may remove any of the six (6) public members of the Board for inefficiency, neglect of duty or misconduct in office, after giving such member a copy of the charges against him and an opportunity to be heard in person or by counsel in his defense upon not less than ten (10) days notice. Removal of a public member by action of the Board shall require the affirmative vote of

six (6) members. If any public member shall be removed by the Board, the Board shall promptly notify the Mayor of such action. Vacancies in the public membership of the Board shall be filled for the unexpired term of the vacant member by appointment by the Mayor and approval by the Council. Each public member shall hold office for the term of his appointment and until his successor shall have been appointed and qualified. Any public member shall be eligible for reappointment.

(d) The Board shall elect from among their number a chairperson, vice-chairperson and such other officers as they may determine. The chairperson shall be elected from among the public members.

(e) The powers of the Agency shall be vested in the Board. Five (5) members of the Board shall constitute a quorum for the transaction of business, and an affirmative vote of at least five (5) members shall be necessary for valid Agency action. No vacancy in the membership of the Board shall impair the right of a quorum to exercise all rights and perform all duties of the Agency. Members of the Board shall be reimbursed for actual and necessary expenses incurred while engaged in services for the Agency. Members of the Board not otherwise employed by the District may also receive per diem compensation at the rate equal to the daily

equivalent of Grade 15 of the General Schedule established under section 5332 of Title 5 of the United States Code, with a limit of \$8,000 per annum.

Sec. 203. Employees

(a) The Board of Directors shall appoint an Executive Director who shall be an employee of the Agency, but who shall not be a member of the Board, and who shall serve at the pleasure of the Board and receive such compensation as shall be fixed by the Board. The Executive Director shall administer, manage and direct the affairs and activities of the Agency in accordance with the policies, control and direction of the Board. The Executive Director shall approve all accounts for salaries, allowable expenses of the Agency or of any employee or consultant thereof, and expenses incidental to the operation of the Agency. He shall perform such other duties as may be directed by the Board in carrying out the purposes of this act.

(b) The Executive Director shall be Secretary to the Board. He shall attend the meetings of the Board, shall keep a record of the proceedings of the Board, and shall maintain and be custodian of all books, documents and papers filed with the Board, of the minutes book or journal of the Board and of its official seal.

(c) The Agency may employ on a permanent or temporary basis technical advisors, accountants, legal counsel, appraisers and such other officers, agents and employees it deems necessary to operate the Agency efficiently, and shall determine their qualifications, duties and compensation without regard to federal or District Civil Service or classification laws. Federal or District employees employed by the Agency may retain all rights and privileges under the federal or District employees' retirement systems. Appointments, promotions and separations may be based on merit only. Title 5, chapter 53, subchapter III of the United States Code applies to the Board and employees of the Agency to the same extent as to District employees.

Sec. 204. Conflict of Interest

Any member, officer or employee of the Agency who is interested either directly or indirectly, or who is an officer or employee of, or has an ownership interest in any firm or agency interested directly or indirectly in any transaction with the Agency including, but not limited to, any loan to any sponsor, builder or developer, shall disclose this interest to the Agency. This interest shall be set forth in the minutes of the Agency, and the member, officer, or employee having the interest shall not participate on behalf of the Agency in the authorization or

implementation of any such transaction. The Board by two-thirds (2/3) majority vote may allow a waiver of a member's, officer's or employee's inability to participate in circumstances where the interest falls within guidelines adopted as rules promulgated by the Board.

Sec. 205. Requirement for Surety Bonding

Each member of the Board shall execute a surety bond in the penal sum of \$25,000, and the Executive Director of the Agency shall execute a surety bond in the penal sum of \$50,000. Each surety bond shall be conditioned upon the faithful performance of the official duties of the person bonded, issued by a surety company authorized to transact business as a surety in the District, approved by the Corporation Counsel of the District, and filed in the office of the District Department of Insurance. All costs of the surety bonds shall be borne by the Agency.

TITLE III

OPERATIONS OF THE AGENCY

Sec. 301. General Powers

The Agency is hereby granted all powers necessary or convenient to effectuate its corporate purposes, including but not limited to, the following:

- (a) to have perpetual succession;
- (b) to sue and be sued in its own name;

(c) to have an official seal and power to alter that seal at will;

(d) to maintain an office at such place or places within the District as it may designate;

(e) to adopt, amend and repeal bylaws, rules and regulations to carry out its purposes under this act;

(f) to make and execute contracts and all other instruments for the performance of its duties under this act including, but not limited to, contracts or agreements for the servicing and originating of mortgage loans;

(g) to employ advisers, consultants, and agents including, but not limited to, financial advisers, appraisers, accountants and legal counsel, and to fix their compensation;

(h) to collect reasonable interest, fees and charges in connection with making and servicing its loans, notes, bonds, obligations, commitments and other evidences of indebtedness, and in connection with providing technical, consultative and project assistance services;

(i) to procure insurance or self-insure against any loss in connection with its property and other assets, including mortgage loans, in such amounts and from such insurers as it deems desirable;

(j) to borrow money and to issue bonds, notes or other evidences of indebtedness and to give security therefor;

(k) to enter into agreements with the United States or any agency, department, instrumentality or political subdivision thereof, to provide that interest on any bonds, notes or other evidences of indebtedness of the Agency will be subject to federal income taxes;

(l) to contract for and to receive contributions of money, property, labor or other things of value from any source, to be used for the purposes of this act and subject to the conditions upon which the contributions are made. Such contributions may include, but are not limited to, gifts or grants from any department, agency or instrumentality of the United States or of the District;

(m) to enter into agreements with any department, agency or instrumentality of the United States or the District and with sponsors and mortgage lenders for the purpose of planning, regulating and providing for the financing and refinancing, construction, reconstruction or rehabilitation, leasing, management, maintenance, operation, acquisition, sale or other disposition of any housing project undertaken with the assistance of the Agency under this act;

(n) to proceed with foreclosure action, to take assignments of leases and rentals, to acquire property in lieu of foreclosure;

(o) to own, lease, clear, reconstruct, rehabilitate, repair, maintain, manage, operate, assign, encumber, sell or otherwise dispose of any real or personal property if (1) the property was obtained by the Agency due to the default of any obligation held by the Agency; and (2) the Agency's actions, as provided in this subsection, are in preparation for disposition of such properties;

(p) to invest any funds not required for immediate disbursement, including funds held in reserve, in investments; the income derived from the investment shall be deposited as provided in section 411 of this act;

(q) to provide technical assistance to profit and nonprofit entities in the development or operation of housing for low and moderate income persons in accordance with section 307 of this act; to gather and distribute data and information concerning the housing needs of low and moderate income persons within the District;

(r) to the extent permitted under its contract with the holders of bonds, notes and other obligations of the Agency, to consent to any modification with respect to rate of interest, time and payment of any installment of principal.

or interest, security or any other term of any contract, mortgage, mortgage loan, mortgage loan commitment, or contract or agreement of any kind to which the Agency is a party;

(s) to sell, at public or private sale, with or without public bidding, any mortgage or other obligation held by the Agency pursuant to regulations promulgated by the Agency;

(t) to make construction loans in keeping with the public purposes of this act; and

(u) to do any act necessary or convenient to the exercise of the powers granted by or reasonably implied from this act.

Sec. 302. Loans to Sponsors

(a) Authorizations

(1) The Agency may make, participate in making, and undertake commitments to make or participate in making mortgage loans to sponsors for the financing of housing projects for eligible persons. Such housing projects must meet the requirements of section 302(b) or 302(c) of this act.

(2) The Agency may make, participate in making, and undertake commitments to make or participate in making construction loans to sponsors for construction, reconstruction or rehabilitation of housing projects for

eligible persons. Such housing projects must meet the requirements of section 302(b) or 302(c) of this act.

(b) Rental Housing Program Requirements

(1) Tenant Income Mixtures

(A) With respect to each rental housing project, the sponsor shall submit a tenant selection plan which must be reviewed and approved by the Agency prior to the final commitment to assist the project. The plan must provide that a minimum of fifteen percent (15%) of the units are initially rented to low-income persons. In addition, the plan must provide for a heterogeneous mixture of low, moderate and above moderate income persons to the extent that, in the discretion of the Agency, such a mixture is made possible by the availability of below market financing and rental market conditions. The Agency is not prohibited from financing a rental housing project in which all tenants or all units are eligible for one or more subsidies, when the economic feasibility of the housing project or conditions in the rental market and in the bond market prevent the Agency from meeting its objective of financing housing serving a balanced mixture of income groups.

(B) With respect to all rental housing projects for which the Agency has provided commitments for financing during each two-year period, the aggregate number

of units rented to low-income persons, as provided in the tenant selection plans approved by the Agency, must not be less than twenty-five percent (25%). The first two-year period concludes at the end of the Agency's second full fiscal year following the date of the Agency's first rental housing loan commitment. If the Agency fails to meet the twenty-five percent (25%) requirement for any given two-year period, the Agency, in its annual report for the second year of the subject period, must submit explanation and documentation to justify its failure to meet this requirement. Within sixty (60) days from the date the Council receives the annual report, the Council, by resolution, may relieve the Agency of further requirements as regards the subject two-year period, or require the Agency to finance a specified number of low-income rental units in addition to the twenty-five percent (25%) requirement for the succeeding two-year period. The resolution may not require a greater number of additional low-income rental units than would have been sufficient to meet the twenty-five percent (25%) requirement for the subject period. In the event the Council does not act by resolution within sixty (60) days from the date of receipt of the annual report, the Agency shall be relieved of any

further obligation to meet the requirements of the subject period.

(C) Each sponsor shall continue to rent to low-income persons no less than fifteen percent (15%) of the project's total units: PROVIDED, HOWEVER, That this requirement shall not apply when subsidies available to the sponsor at the time of initial rental are no longer available. Implementation of this provision does not require or sanction eviction of any tenant.

(2) Tenant Income Limitations

(A) Sponsors shall not charge low-income persons annual rent which exceeds twenty-five percent (25%) of annual income except where the Agency makes a determination that the lack of adequate subsidies or other financial considerations make fulfillment of this requirement unattainable.

(B) The annual income of persons initially selected for rental of a unit not rented to low-income persons shall not exceed six (6) times the annual rent charged during the initial leasing period.

(C) Where feasible pursuant to rules promulgated by the Agency, the Agency shall require that rents of nonsubsidized units are affordable to persons of moderate income at rent levels not economically burdensome

in proportion to their incomes. The rules promulgated by the Agency to implement such rent levels for nonsubsidized units shall take into account: (i) the availability of mortgage finance rate reductions for projects in which such units are located; (ii) the percentage of total units in such projects which is rented to tenants of above moderate income and the rents charged such tenants; and (iii) relevant housing market conditions including, but not limited to, the extent of demand for nonsubsidized units in relation to available supply of such units. For the purposes of this subparagraph, the term "mortgage finance rate reduction" means the differential between prevailing mortgage interest rates and a lower rate which is paid by a sponsor of a project for which financing has been made available, directly by the Agency or through a mortgage lender, from the proceeds of a bond or bonds issued by the Agency.

(3) A sponsor may not make distributions in any one year, with respect to a rental housing project financed by the Agency, in excess of eight percent (8%) of the sponsor's equity in such housing project. The sponsor's equity in a project shall consist of the difference between the mortgage loan and the total project cost as established by the Agency at the time of the final mortgage advance.

(c) Homeownership Program Requirements.

(1) With respect to each homeownership project, the sponsor shall submit a buyer selection plan which shall be reviewed and approved by the Agency prior to the final commitment to assist the project. The plan must provide that at least fifty percent (50%) of the units are to be initially set aside for sale to low or moderate income persons. To the extent made possible by the availability of below market financing, housing market conditions, and the proportion of unrestricted units, the plan must provide for a heterogeneous mixture of low and moderate income persons.

ices of all units shall be acceptable to the Agency.

(2) The sponsor shall set the sale price of individual units so that total profit does not exceed twenty percent (20%) of total housing project costs as originally projected by the sponsor and accepted by the Agency at the time of its commitment to assist the project.

Sec. 303. Purchase of Mortgage Loans

(a) Authorization. The Agency may invest in, purchase, make commitments to purchase, and take assignments from mortgage lenders of mortgage loans made for the financing of residential housing located in the District. Except for loans purchased under the Forward Commitment Mortgage Purchase Program, a mortgage loan is not eligible for

purchase or commitment to purchase by the Agency hereunder unless the mortgage lender first certifies that the proceeds of sale or its equivalent will be reinvested in mortgage loans or notes in accordance with section 303(b)(1) of this act. The Agency shall provide, by contract or regulation or both, appropriate methods of enforcement of the mortgage lender's obligation to reinvest the proceeds of sale.

(b) Mortgage Purchase Program Requirements.

(1) With respect to the purchase of loans other than under the Forward Commitment Mortgage Purchase Program, the Agency shall require the mortgage lender to reinvest the proceeds as follows, including any combination thereof:

(A) in accordance with the requirements of section 302(b) of this act;

(B) in accordance with the requirements of section 302(c) of this act;

(C) in mortgage loans for low or moderate income persons where the housing units are or are to be owner-occupied.

The Agency shall, through rulemaking, promulgate procedures whereby:

(i) housing projects financed under subparagraph (A) or (B) above are developed and operated so

as to comply with the program requirements of section 302(b) or 302(c), respectively; and

(ii) loans made under subparagraph (C) above are assured of complying with the requirements of subparagraph (C).

(2) Mortgage loans purchased under the Forward Commitment Mortgage Purchase Program must be made as follows:

(A) in accordance with the requirements of section 302(b) of this act;

(B) in accordance with the requirements of section 302(c) of this act; or

(C) in mortgage loans to low or moderate income persons where the housing units are or are to be owner-occupied.

(3) The Agency shall require that loans made in fulfillment of the reinvestment requirements of section 303(b)(1) of this act are at interest rates which insure that the borrower will benefit to the maximum extent feasible from the below market interest cost of Agency bond and note proceeds used to purchase mortgage loans from the lender under section 303(a) of this act.

(4) The Agency shall purchase mortgage loans at a purchase price not in excess of the unpaid principal balance plus accrued interest thereon.

Sec. 304. Loans to Mortgage Lenders

(a) Authorizations. The Agency may make loans to mortgage lenders pursuant to an agreement by the recipient to reinvest an amount equal to or greater than the proceeds in accordance with the provisions of section 304(b) of this act.

(b) Program Requirements.

(1) The Agency will require that the recipient reinvest the proceeds as follows, including any combination thereof:

(A) in accordance with the requirements of section 302(b) of this act;

(B) in accordance with the requirements of section 302(c) of this act;

(C) in loans to individual low or moderate income persons for mortgage loans, where the housing units are or are to be owner-occupied.

The Agency shall, through rulemaking, promulgate procedures whereby:

(i) housing projects financed under subparagraph (A) or (B) above are developed and operated so

as to comply with the program requirements of section 302(b) or 302(c), respectively; and

(ii) loans made under subparagraph (C) above are assured of complying with the requirements of subparagraph (C).

(2) The Agency shall require that loans made in fulfillment of the reinvestment requirements of section 304(b)(1) of this act, are at interest rates which insure that the borrower will benefit, to the maximum extent feasible, from the below market interest cost of the Agency bond and note proceeds used to make the loans to or to purchase the securities from the lender under section 304(a) of this act.

Sec. 305. Supportive Programs

(a) Rent or Interest Subsidy. The Agency may establish or administer any rent subsidy or homeownership mortgage interest subsidy program to the extent that funds are made available for that purpose by this act or by any other source where, by reason of other income or payment by any department, agency or instrumentality of the United States or of the District, the Agency has determined the program can be utilized without jeopardizing the economic stability of housing projects being financed.

(b) Housing Rehabilitation. The Agency may establish or administer a housing rehabilitation program for the purpose of providing loans to eligible persons for rehabilitation of residential housing. These loans shall be secured to the satisfaction of the Agency.

(c) Home Purchase Assistance. The Agency may establish or administer a home purchase assistance program from any excess monies generated from the operation of the Agency, appropriated from any source, or otherwise made available to assist prospective home purchasers to meet down payment requirements for obtaining mortgage financing for residential units.

(d) Counseling. The Agency may establish or may contract with private or public groups and organizations to provide counseling programs for low and moderate income families who may be participating in rental or homeownership assistance activities.

(e) Mortgage Loan Guarantee Fund. The Agency may establish and maintain a special fund called the "mortgage loan guarantee fund" into which shall be deposited monies (1) as may be appropriated by the District for the purpose of the fund; and (2) as the Agency determines to deposit. Monies in the mortgage loan guarantee fund may be used by

the Agency to guarantee or insure mortgage loans according to criteria established by the Agency.

Sec. 306. Rules and Regulations

(a) The Agency shall make rules and regulations governing all authorized activities including, but not limited to, the following:

(1) procedures for the submission of requests or the invitation of proposals for the purchase and sale of loans and the making of loans;

(2) the number of dwelling units, location of the units and other characteristics of residential housing to be financed by the Agency;

(3) rates, charges and other terms and conditions of originating or servicing loans, in order to protect against a realization of an excessive financial return or benefit by the originator or servicer;

(4) the rent levels and the sales prices, including downpayment requirements, and the allowable adjustments in rent levels and sales prices, of residential units financed by the Agency, in accordance with the program requirements of this act;

(5) the type and amount of collateral or security to be provided by borrowers to assure repayment of loans made or purchased by the Agency;

(6) the type of collateral, payment bonds, performance bonds, or other security to be provided for construction loans;

(7) the nature and amounts of fees to be charged by the Agency to provide for expenses and reserves of the Agency; and

(8) any other matters related to the duties or exercise of powers under this act.

(b) The Agency's rules and regulations shall be consistent with the following:

(1) Loans made for residential housing may be prepaid only with the consent of the Agency, which may impose a penalty for prepayment. In the case of housing projects assisted by the Agency, refinancing shall be allowed by the Agency only where refinancing will not abrogate the rights of bondholders or noteholders and will not change the material purpose for which the project was originally assisted.

(2) Preference for assistance under this act shall be given to eligible persons displaced as a result of Agency action. Such preference shall include individual notification and the right of first refusal to rent or purchase the unit previously occupied by the displaced

person or a comparable unit in other housing projects assisted by the Agency.

(3) Specific loan terms for each program of assistance shall be adopted by the Agency in its rules and regulations, pursuant to the provisions of this act.

(A) Such terms shall be consistent with the objective of maximizing the availability of housing opportunities to low and moderate income persons. The Agency shall insure that such terms are properly implemented by participating mortgage lenders, and shall provide and implement a procedure by which loan decisions can be monitored, reviewed, or appealed.

(B) Where a mortgage lender makes residential loans to low or moderate income persons with funds received through Forward Commitment Mortgage Purchase, mortgage purchase, security purchase and loan to lender programs under this act, the Agency shall require that the loans are made with terms which meet conditions set out by the Agency, including the following:

(i) Loan terms, criteria and requirements shall be consistent with the objective of providing greater opportunities for home ownership for low and moderate income persons to whom mortgage financing has generally not been available through private lenders; and

(ii) When the projected ratio of monthly payments to family income of a loan applicant exceeds twenty-five percent (25%), the mortgage lender shall not disqualify the loan application on that basis alone.

(4) In the case of federal or District programs in which the Agency may participate, the provisions of this act and Agency rules shall apply unless there is a conflict with such a federal or District program.

(5) The Agency shall require that occupancy of all housing financed or otherwise assisted under this act be open to all persons, and that such mortgagors, contractors and subcontractors engaged in the construction, rehabilitation, sale or rental of such housing, shall provide equal opportunity for employment without discrimination, in accordance with applicable District and federal laws including, but not limited to, D.C. Law 2-83, the "Human Rights Act of 1977". All contracting and procurement of the Agency and of housing financed or otherwise assisted under this act shall be in accordance with applicable District and federal laws including, but not limited to, D.C. Law 1-95, the "Minority Contracting Act of 1976".

Sec. 307. Technical Assistance

(a) The Agency may provide sponsors with technical assistance or loans for consultant services which may be required in the organization, planning or operation of residential housing projects for eligible persons. The Agency may require the sponsor to provide a portion of the value of technical assistance and consultant services in matching funds.

(b) The Agency may, in its discretion, convert a loan to a nonprofit sponsor, or any portion thereof, to a nonobligatory grant, or may consider the value of the loan as a development cost subsumed in any mortgage financing provided to the nonprofit sponsor.

Sec. 308. Exemption from Rent Control

(a) Housing projects assisted by the Agency or through the auspices of the Agency under the provisions of this act shall be exempt from D.C. Law 2-54, the "Rental Housing Act of 1977".

(b) The Agency shall establish, by rulemaking, procedures for evictions and protections from retaliatory action for tenants of housing projects exempted from D.C. Law 2-54, the "Rental Housing Act of 1977", under subsection 308(a) of this act. Such procedures and protections shall be in accordance with the applicable provisions of D.C. Law 2-54, the "Rental Housing Act of 1977".

(c) The Agency shall establish, by rulemaking, conditions and procedures for relocation assistance to tenants displaced from housing projects which are exempted from D.C. Law 2-54, the "Rental Housing Act of 1977", under section 308(a) of this act. Such conditions and procedures shall be in accordance with applicable provisions of D.C. Law 2-54, the "Rental Housing Act of 1977".

(d) Each owner of a rental accommodation subject to the provisions of this act shall file, simultaneously with the Agency and with the Rental Accommodations Office, an exemption statement which shall contain the following information:

(1) the actual rent for each rental unit in the accommodation, the services included and the facilities and charges therefor;

(2) the number of bedrooms in the rental accommodation; and

(3) a list of any outstanding violations of the Housing Regulations of the District of Columbia (established and authorized by Commissioner's Order No. 55-1503, dated August 11, 1955), applicable to such accommodation.

(e) Tenants of housing projects exempted by this act from D.C. Law 2-54, the "Rental Housing Act of 1977" who, except for such exemption, would be eligible for rent

supplements under Title III of D.C. Law 2-54, shall have the same rights to such supplements as tenants residing in a project subject to D.C. Law 2-54.

(f) Prior to the execution of a lease or other rental agreement, a prospective tenant of any unit shall receive notice in writing advising him or her that rent increases for the accommodation are not regulated by the Rent Stabilization Program of D.C. Law 2-54, the "Rental Housing Act of 1977".

TITLE IV  
FINANCIAL AFFAIRS OF THE AGENCY

**Sec. 401. Sources of Funds**

The Agency may receive and spend gifts, grants, appropriations, bond or note proceeds, property or other assistance from any federal, District or private source in order to exercise the powers delegated by this act.

**Sec. 402. Issuance of Bonds and Notes**

(a) Borrowing Authority. The Agency may by resolution authorize the issuance of bonds and notes or other obligations (hereinafter "bonds or notes") for undertakings authorized by this act. In addition, the Agency may issue notes to renew notes and bonds to pay notes, including the interest thereon. Whenever expedient, the Agency may refund

bonds by the issuance of new bonds, regardless of whether the bonds to be refunded have matured. The Agency may also issue bonds for a combination of refund, renewal and financing programs authorized by this act.

(b) Obligations of the Agency. Except as expressly provided otherwise by the Agency, bonds and notes of the Agency are obligations payable solely from revenues derived from the respective projects which such obligations are issued to finance. The Agency may expressly provide additional security by pledge or contribution from any source in accordance with the District of Columbia Self-government and Governmental Reorganization Act (87 Stat. 304; D.C. Code, sec. 47-247).

(c) Negotiable Instruments. Regardless of their form or character, bonds and notes of the Agency are negotiable instruments for all purposes of the Uniform Commercial Code of the District of Columbia (77 Stat. 530; D.C. Code, sec. 28:1-101 et seq.), subject only to the provisions of the bonds and notes for registration.

(d) No Personal Liability. No director, employee or agent of the Agency is personally liable solely because a bond or note is issued.

Sec. 403. Terms for Sale of Bonds and Notes

(a) General. The Agency may stipulate by resolution the terms for sale of its bonds and notes in accordance with this act, including the following:

(1) the date a bond or note bears;

(2) the date a bond or note matures: PROVIDED,

That notes shall not mature later than ten (10) years from the date of original issuance and bonds shall not mature later than fifty (50) years from the date of original issuance;

(3) whether bonds are issued as serial bonds, as term bonds, or as a combination of the two;

(4) the denomination;

(5) the interest rate;

(6) the registration privileges;

(7) the medium and method for payment; and

(8) the terms of redemption.

(b) Public or Private Sale. The Agency may sell its bonds or notes at public or private sale and may determine the price for sale.

(c) Additional Provisions Part of Contract. If the resolution authorizing the sale of bonds or notes contains any of the provisions listed below, the provisions must also be part of the contract with holders of the bonds or notes. The provisions in the resolution may include the following:

(1) the custody, security, expenditure or application of proceeds of the sale of bonds or notes of the Agency (hereinafter "proceeds"), a pledge of the proceeds to secure payment, and the rank or priority of the pledge, subject to preexisting agreements with holders of bonds or notes;

(2) a pledge of revenue from projects of the Agency to secure payment and the rank or priority of the pledge, subject to preexisting agreements with holders of bonds or notes;

(3) a pledge of assets of the Agency, including mortgages and obligations securing mortgages, to secure payment, and the rank or priority of the pledge, subject to preexisting agreements with holders of bonds or notes;

(4) use of gross income from mortgages owned by the Agency and payment on principal of mortgages owned by the Agency;

(5) use of reserves or sinking funds;

(6) use of proceeds from sale of bonds or notes and a pledge of proceeds to secure payment;

(7) limitation of issuance of additional bonds or notes, including terms of issuance and security, and the refunding of outstanding or other bonds or notes;

(8) procedure for amendment or abrogation of a contract with holders of bonds or notes, the amount of bonds or notes, the holders of which must consent to the amendment, and the manner in which consent may be given;

(9) vesting in a trustee property, power and duties, which may include the power and duties of a trustee appointed by holders of bonds or notes under this act;

(10) limitation or abrogation of the right of holders of bonds or notes to appoint a trustee under this act;

(11) defining the nature of default in the obligations of the Agency to the holders of bonds or notes and providing rights and remedies of holders in the event of default, including the right to appointment of a receiver, in accordance with the general laws of the District and this act; and

(12) any other provisions of like or different character which affect the security of holders of bonds or notes.

(d) Pledge of the Agency. A pledge of the Agency is binding from the time it is made. Any funds or property pledged are subject to the lien of a pledge without physical delivery. The lien of a pledge is binding as against parties having any tort, contract or other claim against the

Agency regardless of notice. Neither the resolution nor any other instrument creating a pledge need be recorded.

(e) Signatures. The signature of any officer of the Agency which appears on a bond or note remains valid if that person ceases to hold that office.

Sec. 404. Trust Indenture

(a) Authority. The Agency may secure bonds or notes by a trust indenture between the Agency and a corporate trustee which has the power of a trust company within the District.

(b) Provisions. A trust indenture of the Agency may contain provisions for protecting and enforcing the rights and remedies of holders of bonds or notes in accordance with the provisions of the resolution authorizing the sale of bonds or notes.

(c) Expenses. The Agency may treat expenses incurred in carrying out a trust indenture as operating expenses.

Sec. 405. Agency's Purchase of Its Own Bonds and Notes

Subject to preexisting agreements with the holders of bonds or notes, the Agency may purchase its own bonds or notes which may then be cancelled. The price cannot exceed the following limits: (1) if the bonds or notes are redeemable, the price cannot exceed the redemption price then applicable plus accrued interest to the next interest payment; or (2) if the bonds or notes are not redeemable,

the price cannot exceed the redemption price applicable on the first date after the purchase upon which the bonds or notes become subject to redemption plus accrued interest to that date.

Sec. 406. Special or Reserve Funds

The Agency may establish special or reserve funds in furtherance of its authority under this act. Notwithstanding other provisions of District law and subject to agreements with holders of bonds and notes, the Agency shall manage its own funds, and may invest funds not required for disbursement in a manner the Agency determines prudent.

Sec. 407. Nonalteration of Rights of Bondholders and Noteholders

The District pledges to the holders of any bonds or notes issued under this act that the District will not limit or alter rights vested in the Agency to fulfill agreements made with the holders thereof, or in anyway impair the rights and remedies of such holders until the bonds and notes, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders are fully met and discharged. The

Agency is authorized to include this pledge of the District in any agreement with the holders of bonds or notes.

Sec. 408. Credit of the District Not Pledged

Obligations issued under the provisions of this act do not constitute an obligation of the District, but are payable solely from the revenues or assets of the Agency. Each obligation issued under this act must contain on its face a statement that the Agency is not obligated to pay principal or interest except from the revenues or assets pledged and that neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal interest on an obligation.

Sec. 409. Bonds and Notes as Legal Investments

The bonds and notes of the Agency are legal investments in which public officers and public bodies of the District, insurance companies and associations and other persons carrying on an insurance business, banks, bankers, banking institutions including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, administrators, guardians, executors, trustees, and other fiduciaries and other persons authorized to invest in bonds or in other obligations of the District, may legally invest

funds, including capital, in their control. The bonds and notes are also securities which legally may be deposited with and received by public officers and public bodies of the District or any agency of the District for any purpose for which the deposit of bonds or other obligations of the District is authorized by law.

Sec. 410. District Tax Exemption

(a) Assets and income of the Agency are exempt from District taxation. The Agency may make, at its discretion, payment in lieu of taxation.

(b) Bonds and notes issued by the Agency and the interest thereon are exempt from District taxation except estates, inheritance and gift taxes.

Sec. 411. Deposits and Monies in Trust

(a) All monies of the Agency, except as otherwise authorized in this act, shall be deposited as soon as practicable in one or more separate accounts in financial institutions regulated or insured by a federal or District agency. Monies in these accounts shall be paid out on checks signed by the Executive Director or other authorized officers or employees of the Agency.

(b) Notwithstanding the provisions of this section, the Agency shall have power to contract with the holders of its notes or bonds as to the custody, collection, securing,

investment, and payment of any monies of the Agency and of any monies held in trust or otherwise for the payment of notes or bonds. Monies held in trust pursuant to a contract with holders of notes or bonds may be secured in the same manner as monies of the Agency.

TITLE V

PUBLIC ACCOUNTABILITY

Sec. 501. Administrative Procedure Act

All actions of the Agency shall be conducted in accordance with the District of Columbia Administrative Procedure Act, as amended (32 Stat. 1204; D.C. Code, sec. 1-1501, et seq.).

Sec. 502. Advisory Board

The Board of Directors of the Agency shall, within sixty (60) days of its first meeting, appoint an advisory board of twenty-five (25) persons which must include individuals with experience in the areas of mortgage banking, real estate, finance, architecture, federal and District housing programs, construction and rehabilitation, consumer affairs, community organization, small business programs and commercial development. The Advisory Board must include a member from each ward selected by the Advisory Neighborhood Commissioners. The Advisory Board shall advise the Agency

with respect to the development of its rules and regulations, its plans and programs and any other matters designated by the Board.

Sec. 503. Annual Report

The Agency shall, within ninety (90) days of the end of each fiscal year, submit an annual report of its activities for the preceding year to the Mayor, the Council, and the Advisory Board. The report shall set forth a complete operating financial statement of the Agency during the fiscal year it covers, its housing program operations and accomplishments, its plans for the succeeding fiscal year, and its recommendations for needed action on the part of the Mayor or Council, with respect to the purposes of the Agency.

Sec. 504. Annual Audit

The Agency shall contract at least once each year with an independent certified public accountant to audit the books and accounts of the Agency. The Agency shall transmit the audit to the Mayor and Council within ten (10) days of receipt.

TITLE VI

MISCELLANEOUS PROVISIONS

Sec. 601. Liberal Construction

The provisions of this act are to be liberally construed so as to effectuate those powers which are specifically enumerated.

Sec. 602. Severability

If any section, subsection, subdivision, paragraph, sentence, clause, or provision of this act shall be unconstitutional or ineffective, in whole or in part, to the extent that it is not unconstitutional or ineffective it shall be valid and effective, and no other section, subsection, subdivision, paragraph, sentence, clause, or provision shall on account thereof be deemed invalid or ineffective.

Sec. 603. Effective Date

This act shall take effect as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act.

RECORD OF OFFICIAL COUNCIL ACTION

Document No: Bill 2-161

First Reading Action: July 25, 1978

voice vote: Adopted Unanimously (all present)

*Patricia E. Hanes*  
Asst Secretary to the Council

ROLL CALL VOTE:

COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE
TUCKER		MASON		SPALDING	
HABBY		MOORE, D.		WILSON	
BARRY		MOORE, J.		WINTER	
CLARKE		ROLARK			
DECON		SACKLETON			

Attendance Total: A. 3 - Absent: N. 0 - Not Voting: 0

Secretary to the Council

Amended First Reading Action: \_\_\_\_\_

VOICE VOTE: \_\_\_\_\_

Secretary to the Council

ROLL CALL VOTE:

COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE
TUCKER		MASON		SPALDING	
HABBY		MOORE, D.		WILSON	
BARRY		MOORE, J.		WINTER	
CLARKE		ROLARK			
DECON		SACKLETON			

Attendance Total: A. 3 - Absent: N. 0 - Not Voting: 0

Secretary to the Council

Final Reading or Emergency Action: September 19, 1978

voice vote: Adopted Unanimously (Sabs)

*Patricia E. Hanes*  
Asst Secretary to the Council

ROLL CALL VOTE:

COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE	COUNCIL MEMBER	ATTENDANCE
TUCKER		MASON		SPALDING	
HABBY		MOORE, D.		WILSON	
BARRY		MOORE, J.		WINTER	
CLARKE		ROLARK			
DECON		SACKLETON			

Attendance Total: A. 3 - Absent: N. 0 - Not Voting: 0

Secretary to the Council

## RECORD OF OFFICIAL COUNCIL ACTION (Page 2)

Docket No: Bill 2-161

Presented to the Mayor: OCT 18 1978

*Patricia E. Heuer*  
Secretary to the Council

Action of the Mayor: NOV 1 1978

*Milton M. Smith*  
Mayor of the District of Columbia  
NOV 1 1978

Approved:  Disapproved:  
 Disapproved in part -- Reference  
 Documents: \_\_\_\_\_  
 \*Budget Actions.

Reassessed Without Action \_\_\_\_\_ Executive Secretary, D.C.

Enacted without Mayor's Signature \_\_\_\_\_ Secretary to the Council

Council Reenactments \_\_\_\_\_

 VOICE VOTE: \_\_\_\_\_

Secretary to the Council

 ROLL CALL VOTE:

COUNCIL MEMBER	ATT	REP	VOTE	AMM	COUNCIL MEMBER	ATT	REP	VOTE	AMM	COUNCIL MEMBER	ATT	REP	VOTE	AMM
STEWART					MASON					SPAUERLING				
HARDY	+	+	+		MOORE, D.	+	+	+		WILSON	+	+	+	
BARRY	+	+	+		MOORE, L.	+	+	+		WONZEE	+	+	+	
CLARK	+	+	+		ROLFE	+	+	+			+	+	+	
DIXON	+	+	+		SCHNEIDER	+	+	+			+	+	+	

Secretary to the Council

Presented to the President: \_\_\_\_\_

Secretary to the Council

Action of the President: \_\_\_\_\_

President of the U.S.

 Reenactment Approved Mayor's Veto Sustained

President of the U.S.

Submitted to the Congress: \_\_\_\_\_

Secretary to the Council

Senate Action: \_\_\_\_\_  
Resolution Number: \_\_\_\_\_House Action: \_\_\_\_\_  
Resolution Number: \_\_\_\_\_

Secretary of the Senate

Clerk of the House

Enacted Without Congressional Action:

D.C. Law No. Effective Date

Secretary to the Council