GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 175

WEDNESDAY, FEBRUARY 12, 2014

The following bill was reported to the Senate from the House and ordered to be printed.

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to the Kentucky Housing Corporation.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 198A.040 is amended to read as follows:

4 The corporation shall have all of the powers necessary or convenient to carry out and
5 effectuate the purposes and provisions of this chapter, including but without limiting the
6 generality of the foregoing the power:

7 (1) To make or participate in the making of insured construction loans to sponsors of
8 land development or residential housing; provided, however, that such loans shall
9 be made only upon the determination by the corporation that construction loans
10 have been refused in writing, wholly or in part, from private lenders in the
11 Commonwealth of Kentucky upon reasonably equivalent terms and conditions;

12 (2) To make or participate in the making of insured mortgage loans to sponsors of
13 residential housing; provided, however, that such loans shall be made only upon the
14 determination by the corporation that mortgage loans have been refused in writing,
15 wholly or in part, from private lenders in the Commonwealth of Kentucky upon
16 reasonably equivalent terms and conditions;

17 (3) To purchase or participate in the purchase of insured mortgage loans made to
18 sponsors of residential housing or to persons of lower and moderate income for
19 residential housing; provided, however, that any such purchase shall be made only
20 upon the determination by the corporation that mortgage loans have been refused in
21 writing, wholly or in part, from private lenders in the Commonwealth of Kentucky
22 upon reasonably equivalent terms and conditions;

23 (4) To make temporary loans from the housing development fund;

24 (5) To collect and pay reasonable fees and charges in connection with making,
25 purchasing and servicing its loans, notes, bonds, commitments, and other evidences
26 of indebtedness;

27 (6) To acquire real property, or any interest therein, by purchase, foreclosure, lease,

1 sublease, or otherwise; to own, manage, operate, hold, clear, improve, and
2 rehabilitate such real property; and to sell, assign, exchange, transfer, convey, lease,
3 mortgage, or otherwise dispose of or encumber such real property where such use of
4 real property is necessary or appropriate to the purpose of the Kentucky Housing
5 Corporation;
6 (7) To sell, at public or private sale, all or any part of any mortgage or other instrument
7 or document securing a construction, land development, mortgage, or temporary
8 loan of any type permitted by this chapter;
9 (8) To procure insurance against any loss in connection with its operations in such
10 amounts, and from such insurers, as it may deem necessary or desirable;
11 (9) To consent, whenever it deems it necessary or desirable in the fulfillment of its
12 corporate purposes, to the modification of the rate of interest, time of payment of
13 any installment of principal or interest, or any other terms of any mortgage loan,
14 mortgage loan commitment, construction loan, temporary loan, contract, or
15 agreement of any kind to which the corporation is a party;
16 (10) To acquire, establish, operate, lease, and sublease residential housing for persons
17 and families of lower and moderate income and to enter into agreements or other
18 transactions with any federal, state, or local governmental agency for the purpose of
19 providing adequate living quarters for such persons and families in cities and
20 counties where a need has been found for such housing and where no local housing
21 authorities or other organizations exist to fill such need;
22 (11) To include in any borrowing such amounts as may be deemed necessary by the
23 corporation to pay financing charges, interest on the obligations for a period not
24 exceeding two (2) years from their date, consultant, advisory, and legal fees and
25 such other expenses as are necessary or incident to such borrowing;
26 (12) To make and publish rules and regulations respecting its lending programs and such
27 other rules and regulations as are necessary to effectuate its corporate purposes;

1 (13) To provide technical and advisory services to sponsors of residential housing and to
2 residents and potential residents thereof, including but not limited to housing
3 selection and purchase procedures, family budgeting, property use and maintenance,
4 household management, and utilization of community resources;
5 (14) To promote research and development in scientific methods of constructing low
6 cost residential housing of high durability;
7 (15) To encourage community organizations to participate in residential housing
8 development;
9 (16) To make, execute, and effectuate any and all agreements or other documents with
10 any governmental agency or any person, corporation, association, partnership, or
11 other organization or entity, necessary to accomplish the purposes of this chapter;
12 (17) To accept gifts, devises, bequests, grants, loans, appropriations, revenue sharing,
13 other financing and assistance, and any other aid from any source whatsoever and to
14 agree to, and to comply with, conditions attached thereto;
15 (18) To sue and be sued in its own name and plead and be impleaded;
16 (19) To maintain an office in the city of Frankfort and at such other place or places as it
17 may determine;
18 (20) To adopt an official seal and alter the same at pleasure;
19 (21) To adopt bylaws for the regulation of its affairs and the conduct of its business and
20 to prescribe rules, regulations, and policies in connection with the performance of
21 its functions and duties;
22 (22) To employ fiscal consultants, engineers, attorneys, real estate counselors,
23 appraisers, and such other consultants and employees as may be required in the
24 judgment of the corporation and to fix and pay their compensation from funds
25 available to the corporation therefor, provided that any personal service contracts
26 entered into shall be subject to review by the Government Contract Review
27 Committee of the Legislative Research Commission;

1 (23) To invest any funds held in reserve or in sinking fund accounts or any moneys not
2 required for immediate disbursement in obligations guaranteed by the
3 Commonwealth, the United States, or their agencies or instrumentalities; provided,
4 however, that the return on such investments shall not violate any rulings of the
5 Internal Revenue Service regarding the investment of the proceeds of any federally
6 tax exempt bond issue;
7 (24) To make or participate in the making of rehabilitation loans to the sponsors or
8 owners of residential housing; provided, however, that any such rehabilitation loan
9 shall be made only upon the determination by the corporation that the rehabilitation
10 loan was not otherwise available wholly or in part from private lenders upon
11 reasonably equivalent terms and conditions;
12 (25) To insure or reinsure construction, mortgage, and rehabilitation loans on residential
13 housing; provided, however, that any such insurance, reinsurance, or waiver shall be
14 made only upon the determination by the corporation:
15 (a) That such insurance or reinsurance is not otherwise available wholly or in part
16 from private insurers upon reasonably equivalent terms and conditions; and
17 (b) That such loan is a reasonably sound business investment; and provided
18 further that insurance may be waived only where the corporation finds that the
19 amount of the loan does not exceed eighty-five percent (85%) of the
20 development costs, or eighty-five percent (85%) of the value of the property
21 secured by the mortgage as determined by at least two (2) appraisers who are
22 independent of the sponsors, builders, and developers;
23 (26) To make grants from appropriated funds, agency and trust funds, and any other
24 funds from any source available to the corporation, to sponsors, municipalities,
25 local housing authorities, and to owners of residential housing for the development,
26 construction, rehabilitation, or maintenance of residential housing and such
27 facilities related thereto as corporation shall deem important for a proper living

1 environment, all on such terms and conditions as may be deemed appropriate by the
2 corporation;
3 (27) To make periodic grants to reduce principal and interest payments on mortgages or
4 rentals payable by persons and families of lower and moderate income;
5 (28) (a) To make a grant to reduce principal and interest payments on a mortgage or a
6 rental payable by a regular member of the United States Armed Forces who
7 names Kentucky as home of record for military purposes, during that
8 member's deployment on active duty outside the United States, or payable by a
9 member of a state National Guard or a Reserve component who names
10 Kentucky as home of record for military purposes, during that member's
11 federal active duty. To qualify for a grant, a member shall meet reasonable
12 standards established by the corporation, including having family income
13 equal to or less than two hundred percent (200%) of the state or area median
14 income; and
15 (b) To provide a member identified in paragraph (a) of this subsection and that
16 member's Kentucky resident spouse with the educational, technical, and
17 ombudsman services that are necessary to maintain a mortgage during that
18 member's federal active duty;
19 (29) To establish a program to assist persons and families of lower and moderate income
20 to help defray the cost of assessment and decontamination services required under
21 KRS 224.1-410. To qualify for the program, a person shall meet reasonable
22 standards established by the corporation. A person shall not be eligible for the
23 program if convicted of a felony or found by the corporation to be responsible for
24 contamination of the relevant property through methamphetamine production. The
25 corporation shall report on the establishment and use of this program to the
26 Legislative Research Commission by October 1 of each year;~~[and]~~
27 (30) To establish single-family mortgage-lending programs outside of the mortgage

1 revenue bond funds. To qualify for these programs, a person shall meet reasonable
2 standards established by the corporation and shall have a combined family income
3 that is equal to or less than one hundred seventy-five percent (175%) of the greater
4 of the state or area median income***; and***
5 ***(31) To perform the following activities for lenders, holders, housing finance***
6 ***agencies, or other third party entities, who are located within or without the***
7 ***boundaries of the Commonwealth:***
8 ***(a) Service mortgage loans;***
9 ***(b) Administer federal or state program contracts; and***
10 ***(c) Perform other housing activities to facilitate the delivery or preservation of***
11 ***affordable housing***.
12 The Kentucky Housing Corporation shall be exempt from the regulations of the
13 Department of Insurance and the laws of the Commonwealth relating thereto.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 4-7-14