

## Chapter 25 Utah Residential Rehabilitation Act

### 11-25-1 Short title.

This act shall be known and may be cited as the "Utah Residential Rehabilitation Act."

Enacted by Chapter 276, 1977 General Session

### 11-25-2 Legislative findings -- Liberal construction.

The Legislature finds and declares that it is necessary for the welfare of the state and its inhabitants that community reinvestment agencies be authorized within cities, towns or counties, or cities or towns and counties to make long-term, low-interest loans to finance residential rehabilitation in selected residential areas in order to encourage the upgrading of property in those areas. Unless such agencies provide some form of assistance to finance residential rehabilitation, many residential areas will deteriorate at an accelerated pace. This act shall be liberally construed to effect its purposes.

Amended by Chapter 350, 2016 General Session

### 11-25-3 Definitions.

As used in this chapter:

- (1) "Agency" means a community reinvestment agency functioning pursuant to Title 17C, Limited Purpose Local Government Entities - Community Reinvestment Agency Act.
- (2) "Bonds" mean any bonds, notes, interim certificates, debentures, or other obligations issued by an agency pursuant to this part and which are payable exclusively from the revenues, as defined in Subsection (10), and from any other funds specified in this part upon which the bonds may be made a charge and from which they are payable.
- (3)
  - (a) "Citizen participation" means action by the agency to provide persons who will be affected by residential rehabilitation financed under the provisions of this part with opportunities to be involved in planning and carrying out the residential rehabilitation program. "Citizen participation" shall include, but not be limited to, all of the following:
    - (i) Holding a public meeting prior to considering selection of the area for designation.
    - (ii) Consultation with representatives of owners of property in, and residents of, a residential rehabilitation area, in developing plans for public improvements and implementation of the residential rehabilitation program.
    - (iii) Dissemination of information relating to the time and location of meetings, boundaries of the proposed residential rehabilitation area, and a general description of the proposed residential rehabilitation program.
  - (b)
    - (i) Public meetings and consultations described in Subsection (3)(a) shall be conducted by an official designated by the agency.
    - (ii) Public meetings shall be held at times and places convenient to residents and property owners.
- (4) "Financing" means the lending of money or any other thing of value for the purpose of residential rehabilitation.

- (5) "Participating party" means any person, company, corporation, partnership, firm, agency, political subdivision of the state, or other entity or group of entities requiring financing for residential rehabilitation pursuant to the provisions of this part. No elective officer of the state or any of its political subdivisions shall be eligible to be a participating party under the provision of this part.
- (6) "Rehabilitation standards" mean the applicable local or state standards for the rehabilitation of buildings located in residential rehabilitation areas, including any higher standards adopted by the agency as part of its residential rehabilitation financing program.
- (7) "Residence" means a residential structure in residential rehabilitation areas. It also means a commercial structure which, in the judgment of the agency, is an integral part of a residential neighborhood.
- (8) "Residential rehabilitation" means the construction, reconstruction, renovation, replacement, extension, repair, betterment, equipping, developing, embellishing, or otherwise improving residences consistent with standards of strength, effectiveness, fire resistance, durability, and safety, so that the structures are satisfactory and safe to occupy for residential purposes and are not conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime because of any one or more of the following factors:
  - (a) defective design and character of physical construction;
  - (b) faulty interior arrangement and exterior spacing;
  - (c) high density of population and overcrowding;
  - (d) inadequate provision for ventilation, light, sanitation, open spaces, and recreation facilities;
  - (e) age, obsolescence, deterioration, dilapidation, mixed character, or shifting of uses; and
  - (f) economic dislocation, deterioration, or disuse, resulting from faulty planning.
- (9) "Residential rehabilitation area" means the geographical area designated by the agency as one for inclusion in a comprehensive residential rehabilitation financing program pursuant to the provisions of this chapter.
- (10) "Revenues" mean all amounts received as repayment of principal, interest, and all other charges received for, and all other income and receipts derived by, the agency from the financing of residential rehabilitation, including money deposited in a sinking, redemption, or reserve fund or other fund to secure the bonds or to provide for the payment of the principal of, or interest on, the bonds and such other money as the legislative body may, in its discretion, make available therefor.

Amended by Chapter 350, 2016 General Session

**11-25-4 Location and character of rehabilitation -- Financial assistance.**

An agency may determine the location and character of any residential rehabilitation to be financed under the provisions of this part and may lend financial assistance to any participating part for the purpose of financing residential rehabilitation in areas designated as residential rehabilitation areas by the agency.

Enacted by Chapter 276, 1977 General Session

**11-25-5 Bonds or notes -- Issuance -- Purposes -- Payment -- Maturity of bond anticipation notes.**

An agency may, from time to time, issue its negotiable bonds or notes for the purpose of financing residential rehabilitation as authorized by this act and for the purpose of funding or refunding these bonds or notes in the same manner as it may issue other bonds or notes as

provided in Title 17C, Chapter 1, Part 5, Agency Bonds. Every issue of its bonds shall be a special obligation of the agency payable from all or any part of the revenues specified in the act or funds legally received by the agency. In anticipation of the sale of the bonds, the agency may issue negotiable bond anticipation notes in accordance with Section 11-14-311, and may renew such notes from time to time. Bond anticipation notes may be paid from the proceeds of sale of the bonds of the agency in anticipation of which they were issued. Bond anticipation notes and agreements relating thereto and the resolution or resolutions authorizing the notes and agreements may obtain any provisions, conditions, or limitations which a bond, agreement relating thereto, or bond resolution of the agency may contain except that any note or renewal thereof shall mature at a time not later than five years from the date of the issuance of the original note.

Amended by Chapter 359, 2006 General Session

**11-25-6 Fees, charges and interest rates -- Contract for collections -- Security -- Payment -- Assignments.**

The agency may fix fees, charges, and interest rates for financing residential rehabilitation and may from time to time revise these fees, charges, and interest rates to reflect changes in interest rates on the agency's bonds, losses due to defaults, changes in loan servicing charges, or other expenses related to administration of the residential rehabilitation financing program. The agency may collect interest and principal together with the fees and charges incurred in financing and may contract to pay any person, partnership, association, corporation, or public agency with respect thereto. The agency may hold deeds of trust as security for financing residential rehabilitation and may pledge the same as security for repayment of bonds issued pursuant to this part. The agency may establish the terms and conditions for the financing of residential rehabilitation undertaken pursuant to this act.

The full amount owed on any loan for residential rehabilitation made pursuant to this part shall be due and payable upon sale or other transfer of ownership of the property subject to such rehabilitation, except that assignment of the loan to the buyer or transferee may be permitted in case of hardship, which shall be defined, and procedures established for the determination of their existence in guidelines established by the agency.

Enacted by Chapter 276, 1977 General Session

**11-25-7 Expenditures for services and advisers.**

The agency may employ engineering, architectural, accounting, collection, or other services, including services in connection with the servicing of loans made to participating parties, as may be necessary in the judgment of the agency for the successful financing of such residential rehabilitation. The agency may pay the reasonable costs of consulting engineers, architects, accountants, and construction experts, if, in the judgment of the agency, such services are necessary to the successful financing of any residential rehabilitation and if the agency is not able to provide such services. The agency may employ and fix the compensation of financing consultants, bond counsel, and other advisers as may be necessary in its judgment to provide for the issuance and sale of any bonds or bond anticipation notes of the agency.

Enacted by Chapter 276, 1977 General Session

**11-25-8 General powers of agency.**

In addition to all other powers specifically granted by this part, the agency may do all things necessary or convenient to carry out the purposes of this act.

Enacted by Chapter 276, 1977 General Session

**11-25-9 Bonds payable solely from revenues -- Cities, towns, and counties not obligated.**

Revenues shall be the sole source of funds pledged by the agency for repayment of its bonds. Bonds issued under the provisions of this part may not be deemed to constitute a debt or liability of the agency or a pledge of the faith and credit of the agency but shall be payable solely from revenues. The issuance of bonds may not directly, indirectly, or contingently obligate a city, town or county, or a city or town and county which has designated its governing body as an agency to levy or pledge any form of taxation or to make any appropriation for payment of bonds issued by an agency.

Amended by Chapter 378, 2010 General Session

**11-25-10 Rules and regulations -- Acquisition and disposal of interests in property.**

All residential rehabilitation shall be constructed or completed subject to the rules and regulations of the agency. An agency may acquire by deed, purchase, lease, contract, gift, devise, or otherwise any real or personal property, structures, rights, rights-of-way, franchises, easements, and other interests in lands necessary or convenient for the financing of residential rehabilitation, upon such terms and conditions as it deems advisable, and may lease, sell, or dispose of the same in such manner as may be necessary or desirable to carry out the objectives and purposes of this act.

Enacted by Chapter 276, 1977 General Session

**11-25-11 Comprehensive financing program ordinance -- Contents.**

Prior to the issuance of any bonds or bond anticipation notes of the agency for residential rehabilitation, the agency shall by ordinance adopt a comprehensive residential rehabilitation financing program, including:

- (1) Criteria for selection of residential rehabilitation areas by the agency including findings by the agency that:
  - (a) There are a substantial number of deteriorating structures in the area which do not conform to community standards for decent, safe, sanitary housing.
  - (b) Financial assistance from the agency for residential rehabilitation is necessary to arrest the deterioration of the area.
  - (c) Financing of residential rehabilitation in the area is economically feasible. These findings are not required, however, when the residential rehabilitation area is located within the boundaries of a project area covered by an urban renewal project area plan adopted in accordance with Section 17C-2-107.
- (2) Procedures for selection of residential rehabilitation areas by the agency including:
  - (a) Provisions for citizen participation in selection of residential rehabilitation areas.
  - (b) Provisions for a public hearing by the agency prior to selection of any particular residential rehabilitation area.
- (3) A commitment that rehabilitation standards will be enforced on each residence for which financing is provided.

- (4) Guidelines for financing residential rehabilitation which shall be subject to the following limitations:
- (a) Outstanding loans on the property to be rehabilitated including the amount of the loans for rehabilitation, may not exceed 80% of the anticipated after-rehabilitation value of the property to be rehabilitated, except that the agency may authorize loans of up to 95% of the anticipated after-rehabilitation value of the property if loans are made for the purpose of rehabilitating the property for residential purposes, there is demonstrated need for such higher limit, and there is a high probability that the value of the property will not be impaired during the term of the loan.
  - (b) The maximum repayment period for residential rehabilitation loans shall be 20 years or 3/4 of the economic life of the property, whichever is less.
  - (c) The maximum amount loan for rehabilitation for each dwelling unit and for each commercial unit which is, or is part of a "residence" as defined in this chapter, shall be established by resolution of the agency.

Amended by Chapter 378, 2010 General Session

**11-25-12 Equal opportunity requirements.**

The agency shall require that any residence which is rehabilitated with financing obtained under this part shall, until that financing is repaid, be open, upon sale or rental of any portion thereof, to all regardless of race, creed, color, sex, marital status, or national origin. The agency shall also require that contractors and subcontractors engaged in residential rehabilitation financed under this part shall provide equal opportunity for employment, without discrimination as to race, color, creed, sex, marital status, or national origin. All contracts and subcontracts for residential rehabilitation financed under this part shall be let without discrimination as to race, color, creed, sex, marital status, or national origin.

Enacted by Chapter 276, 1977 General Session

**11-25-13 Challenge of program, plan, or area -- Limitation.**

Any action challenging the legality of a comprehensive residential rehabilitation financing program, the selection of a residential rehabilitation area, or the adoption of a plan for public improvements for a residential rehabilitation area shall be commenced within 30 days of the publication of the resolution, ordinance, or other proceedings adopting the program or plan, or selecting the area. After this time no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

Enacted by Chapter 276, 1977 General Session

**11-25-14 Trust to secure bonds -- Contents of agreement or bond resolution -- Indemnity bonds or securities -- Expenses of trust.**

In the discretion of the agency, any bonds issued under the provisions of this part may be secured by a trust agreement by and between the agency and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without this state. The trust agreement or the resolution providing for the issuance of bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged, and may convey or mortgage any residence the rehabilitation of which is to be financed out of the proceeds of the bonds. Such trust agreement or resolution providing for the issuance of bonds may contain

such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including such provisions as may be included in any resolution or resolutions of the agency authorizing the issuance of bonds. Any bank or trust company doing business under the laws of this state which may act as depository of the proceeds of bonds or of revenues or other money may furnish such indemnity bonds or pledge such securities as may be required by the agency. Any trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual rights of action by bondholders. In addition to the foregoing, any trust agreement or resolution may contain such other provisions as the agency may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of the trust agreement or resolution may be created as a part of the cost of residential rehabilitation.

Enacted by Chapter 276, 1977 General Session

**11-25-15 Proceedings for enforcement of rights of bondholders and trustees.**

Any holder of bonds issued under the provisions of this part or any of the coupons appertaining thereto, and the trustee or trustees appointed pursuant to any resolution authorizing the issuance of the bonds, except to the extent the rights thereof may be restricted by the resolution authorizing the issuance of the bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect or enforce any and all rights specified in the laws of the state or in the resolution, and may enforce and compel the performance of all duties required by this part or by such resolution to be performed by the agency or by any officer, employee, or agent thereof, including the fixing, charging, and collecting of rates, fees, interest and charges authorized and required by the provisions of the resolution to be fixed, established, and collected.

Enacted by Chapter 276, 1977 General Session

**11-25-16 Refunding bonds -- Issuance -- Proceeds -- Investments.**

- (1) The agency may provide for the issuance of the bonds of the agency to:
  - (a) refund any outstanding bonds of the agency;
  - (b) pay any redemption premiums and any interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of those bonds; and
  - (c) pay all or any part of the cost of additional residential rehabilitation.
- (2) The agency may:
  - (a) apply the proceeds of bonds issued for the purpose of refunding any outstanding bonds to the purchase or retirement at maturity or redemption of any outstanding bonds, either at their earliest or any subsequent redemption date or upon the purchase or retirement at their maturity; and
  - (b) pending that application, place them in escrow, to be applied to the purchase or retirement at maturity or redemption on the date determined by the agency.
- (3)
  - (a) Pending use for purchase, retirement at maturity, or redemption of outstanding bonds, any proceeds held in escrow under Subsection (2) shall be invested by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act.
  - (b) The agency shall apply any interest or other increment earned or realized on an investment to the payment of the outstanding bonds to be refunded.

- (c) After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and any interest or increment earned or realized from the investment of them may be returned to the agency to be used by it for any lawful purpose.
- (4) The agency shall invest that portion of the proceeds of any bonds designated for the purpose of paying all or any part of the cost of additional residential rehabilitation under Subsection (1) by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act.
- (5) All bonds issued under this section are subject to the provisions of this part in the same manner and to the same extent as other bonds issued under this chapter.

Amended by Chapter 285, 1992 General Session

**11-25-17 Residential rehabilitation bonds as investments or deposits.**

Notwithstanding any other provisions of law, bonds issued pursuant to this part shall be legal investments for all trust funds, the funds of insurance companies, savings and loan associations, investment companies and banks, both savings and commercial, and shall be legal investments for executors, administrators, trustees, and all other fiduciaries. The bonds shall be legal investments for state school funds and for any fund which may be invested in county, municipal, or school district bonds, and the bonds shall be deemed to be securities which may properly and legally be deposited with, and received by, any state or municipal officer or by any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now, or may hereafter be, authorized by law, including deposits to secure public funds.

Enacted by Chapter 276, 1977 General Session

**11-25-18 Financing provided to participating parties -- Agreements -- Contents.**

The agency may provide financing to any participating party for the purpose of residential rehabilitation authorized pursuant to a comprehensive residential rehabilitation financing program. All agreements for this financing shall provide that the design of the residential rehabilitation shall be subject to such standards as may be established by the agency and that the work of such residential rehabilitation shall be subject to such supervision as the agency deems necessary.

Enacted by Chapter 276, 1977 General Session

**11-25-19 Loan agreements with participating parties -- Contents -- Rates, fees, and charges -- Purposes.**

The agency may enter into loan agreements with any participating party relating to residential rehabilitation of any kind or character. The terms and conditions of the loan agreements may be as mutually agreed upon. Any loan agreement may provide the means or methods by which any mortgage taken by the agency shall be discharged, and it shall contain such other terms and conditions as the agency may require. The agency is authorized to fix, revise, charge, and collect interest and principal and all other rates, fees, and charges with respect to financing of residential rehabilitation. These rates, fees, charges, and interest shall be fixed and adjusted so that the aggregate of the rates, fees, charges, and interest will provide funds sufficient with other revenues and money which it is anticipated will be available therefor, if any, to do all of the following:

- (1) Pay the principal of and interest on outstanding bonds of the agency issued to finance such residential rehabilitation as the same shall become due and payable.

- (2) Create and maintain reserves required or provided for in any resolution authorizing such bonds. A sufficient amount of the revenues derived from residential rehabilitation may be set aside at such regular intervals as may be provided by the resolution in a sinking or other similar fund, which is hereby pledged to, and charged with, the payment of the principal of and interest on the bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. The pledge shall be valid and binding from the time the pledge is made. The rates, fees, interest, and other charges, revenues, or money so pledged and thereafter received by the local agency shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether the parties have notice thereof. Neither the resolution nor any loan agreement by which a pledge is created need be filed or recorded except in the records of the agency. The use and disposition of money to the credit of the sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds. Except as may otherwise be provided in the resolution, the sinking or other similar fund may be a fund for all bonds of the agency issued to finance the rehabilitation of the residence of a particular participating party without distinction or priority. The agency, however, in any resolution may provide that the sinking or other similar fund shall be the fund for a particular residential rehabilitation project or projects and for the bonds issued to finance such residential rehabilitation project or projects and may, additionally, authorize and provide for the issuance of bonds having a lien with respect to the security authorized by this section which is subordinate to the lien of other bonds of the agency, and, in this case, the agency may create separate sinking or other similar funds securing the bonds having the subordinate lien.
- (3) Pay operating and administrative costs of the agency incurred in the administration of the program authorized by this part.

Enacted by Chapter 276, 1977 General Session

**11-25-20 Money received as trust funds -- Depository as trustee.**

All money received pursuant to the provisions of this part, whether proceeds from the sale of bonds or revenues, shall be deemed to be trust funds to be held and applied solely as provided in this part. Any bank or trust company in which the money is deposited shall act as trustee of the money and shall hold and apply the same for the purposes specified in this part, subject to the terms of the resolution authorizing the bonds.

Amended by Chapter 342, 2011 General Session

**11-25-21 Act deemed supplemental to other laws -- Compliance in issuing bonds sufficient.**

This act shall be deemed to provide a complete, additional, and alternative method for doing the things authorized thereby, and shall be regarded as supplemental and additional to the powers conferred upon an agency by other laws. The issuance of bonds and refunding bonds under the provisions of this part need not comply with the requirements of any other law applicable to the issuance of bonds.

Enacted by Chapter 276, 1977 General Session