

“State Deputy Administrator” means the Deputy Administrator of the Public Housing and Development Authority, who is also the Director of the Division of Codes and Standards, Department of Community Affairs, State of New Jersey.

“Tenant” means any person having a lease or entitled to occupancy under an occupancy agreement and shall include any member or stockholder of a corporation as a cooperative entitled to occupancy in any unit in a project built under the Act.

Amended by R.1974 d.166, effective June 26, 1974.

See: 6 N.J.R. 221(a), 6 N.J.R. 256(b).

Condominium definition added.

Amended by R.1983 d.145, effective May 16, 1983.

See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

Deleted definition of “Council”.

Amended by R.1988 d.49, effective February 1, 1988.

See: 19 N.J.R. 1861(a), 20 N.J.R. 256(a).

Changed “HFA” to “HMFA”.

Amended by R.1992 d.290, effective July 20, 1992.

See: 24 N.J.R. 1668(a), 24 N.J.R. 2556(b).

Definition for condominium, exception for gross shelter rent, deleted; N.J.S.A. citation updated.

Amended by R.1997 d.253, effective June 16, 1997.

See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

Amended “State Deputy Administrator”.

Amended by R.1997 d.265, effective July 7, 1997.

See: 28 N.J.R. 3852(a), 29 N.J.R. 2813(b).

Added “Affordable”, “Equity”, and “Range of affordability”; and amended “Regulatory agreement”, and “State Deputy Administrator”.

Amended by R.2001 d.282, effective August 20, 2001.

See: 33 N.J.R. 1226(a), 33 N.J.R. 2807(b).

Rewrote “Act”.

Administrative change and correction.

See: 39 N.J.R. 5213(a).

### 5:13-1.2 Scope

(a) These rules shall apply to and control all housing sponsors formed under the provisions of the Limited Dividend Nonprofit Housing Corporations or Associations Law, P.L. 1949, c.184, as amended (the former N.J.S.A. 55:16-1 et seq.) and remaining subject to the jurisdiction established under that act in accordance with the Long Term Tax Exemption Law, P.L. 1991, c.431; provided, however, that the provisions of N.J.A.C. 5:13-2 (Limited Dividend Housing Corporations and Associations as Cooperatives) shall apply only to housing sponsors organized as cooperatives financed under a FHA insured (Section 213) mortgage, and provided further that nothing herein shall be construed to abrogate or set aside such regulatory agreements as have been approved by the Authority prior to the date of these regulations insofar as the provisions thereof are not inconsistent with the regulations. These rules shall also apply to and control all housing sponsors formed under the provisions of the Long Term Tax Exemption Law, P.L. 1991, c.431.

(b) For the purpose of encouraging development of housing projects under these regulations and to enable housing sponsors to obtain the necessary financing through FHA or HMFA, the State Administrator may waive any regulations herein where such waiver is in the public interest and there is

a conflict between these regulations and either FHA or HMFA requirements.

(c) The Authority may approve or adopt by reference, in whole or in part, any regulatory agreement between a housing sponsor and a State or Federal financing or insuring agency in which the terms and conditions of construction, operation and maintenance of the project are specified which substantially conform with the purposes and intent of the Act and this Chapter; provided however, that nothing herein shall be construed to prevent the Authority from inspecting and investigating any project under such regulatory agreement to assure compliance with the Act and this Chapter.

(d) The Authority may delegate to any State or Federal financing or insuring agency such responsibilities and duties imposed upon the Authority by the Act or this Chapter as may be consistent with the intent and purpose of the regulations and consistent with public policy and the protection of rights and remedies provided for thereunder; provided however, nothing herein shall be construed to prohibit the Authority from rescinding such delegation in the event such State or Federal agency fails to perform such delegated duties and responsibilities in a responsible manner; nor to prohibit the Authority from conducting such investigations and inspections it deems necessary and appropriate to assure compliance with the requirements of the Act and this Chapter.

(e) Approval by the Authority of any regulatory agreement as specified in subsection (c) of this Section or delegation of responsibilities and duties as provided for in subsection (d) of this Section shall be in writing and a copy of each such regulatory agreement and delegation shall be maintained on file by the State Deputy Administrator.

(f) In all matters pertaining to implementation and enforcement of this Chapter, the Deputy Administrator shall act as the duly authorized delegate of the State Administrator. Whenever this Chapter refers to the State Administrator it shall be construed to include the Deputy Administrator unless specifically provided otherwise.

Amended by R.1988 d.49, effective February 1, 1988.

See: 19 N.J.R. 1861(a), 20 N.J.R. 256(a).

Changed “HFA” to “HMFA”.

Amended by R.1992 d.290, effective July 20, 1992.

See: 24 N.J.R. 1668(a), 24 N.J.R. 2556(b).

Reference to condominium deleted; N.J.S.A. citation updated.

Amended by R.2001 d.282, effective August 20, 2001.

See: 33 N.J.R. 1226(a), 33 N.J.R. 2807(b).

In (a), inserted “the former” preceding “N.J.S.A. 55:16-1 et seq.” and added the last sentence.

### 5:13-1.3 Operation of corporation or association

(a) The following acts of the housing sponsor, to be valid and effective shall be subject to the prior approval of the Authority in writing:

1. All bylaws of the housing sponsor and amendments to those bylaws, and to the certificate of incorporation or

partnership or association agreement, which shall be filed with the Authority;

2. All advertisement or prospectus;
3. All rent schedules to be fixed or amended which shall be filed with the Authority;
4. Selection or approval of any application for occupancy or entering into any leasehold agreement.
5. Sale, transfer, encumbrance or assignment of the property of the housing sponsor or of any stock or other ownership interest in the housing sponsor, provided, however, that this paragraph shall not apply to transfers by or to individuals of stock in a nonprofit corporation which is held, or is to be held, in conjunction with a lease to a dwelling unit in a cooperative project which is occupied or is to be occupied by the holder of the stock.

(b) If the mortgage on the project is insured by the FHA or financed by the HMFA, the housing sponsor shall comply with the requirements of such agency in connection with reserves. On termination of the jurisdiction of the FHA or HMFA, the reserves of the corporation shall be established and maintained in an account approved by the Authority.

(c) As provided by the Act, as amended, the housing sponsor shall pay an annual service charge for municipal services in an amount not more than the tax on the property on which the project in which the undertaking of said project is commenced or 15 percent of the annual gross shelter rents obtained from the project, whichever is the greater.

(d) The rental or use of apartments in a housing project by an employee of the housing sponsor shall be subject to the same regulations as are applicable to other tenants unless the Authority shall waive certain requirements.

As amended, R.1983 d.145, eff. May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

In (a) added "to the certificate of incorporation or partnership or association agreement". Also added 5 to (a).  
Amended by R.1988 d.49, effective February 1, 1988.  
See: 19 N.J.R. 1861(a), 20 N.J.R. 256(a).

Changed "HFA" to "HMFA".  
Recodified from 5:13-1.5 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

#### 5:13-1.4 Meetings of stockholders and directors

(a) Each housing sponsor shall hold a directors' meeting at least once a year and at such times as any director may request; excepting however, a corporation as a cooperative shall hold such meetings at least quarterly.

(b) The presence of a quorum at such meetings is required.

(c) A copy of the minutes of each meeting of directors shall be filed with the Authority within 10 days after the meeting is held.

Recodified from 5:13-1.6 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

#### 5:13-1.5 Tenant application, selection and priorities

(a) It is the purpose and intent of the Act and this chapter that tenants whose housing need is greatest receive priority for occupancy in any project under the Act; provided that the applicant's household size must be suitable to the apartment to be occupied and that the applicant's household income must be sufficient to be able to afford the rent charged; and provided that any regulations of the HMFA implementing priority categories specified by the New Jersey Housing and Mortgage Finance Agency law (N.J.S.A. 55:14K-1 et seq.), as amended, shall prevail in those projects financed by said agency.

(b) Vacant apartments with rentals affordable to households of low income shall be rented to such households.

(c) Vacant apartments with rentals affordable to households of moderate income, but not affordable to households of low income, shall be rented to households of moderate income.

Amended by R.1988 d.49, effective February 1, 1988.  
See: 19 N.J.R. 1861(a), 20 N.J.R. 256(a).

Changed "HFA" to "HMFA".  
Recodified from 5:13-1.7 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

Former N.J.A.C. 5:13-1.5, Operation of corporation or association, recodified to 5:13-1.3.  
Amended by R.1997 d.507, effective December 1, 1997.  
See: 29 N.J.R. 3760(a), 29 N.J.R. 5061(b).  
Added (b) and (c).

#### 5:13-1.6 Tenant priorities

(a) Applications for eligible persons and families for occupancy shall receive priority over all others in the following order:

1. Persons and families which are or are about to be displaced from a blighted area or areas by reason of clearance, replanning, development or redevelopment; and

2. Persons and families living in a blighted area or areas as designated by the governing body of any municipality by resolution for the purpose of clearance, replanning, development or redevelopment;

(b) Persons who have moved to standard housing under an approved Workable Relocation Assistance Program pursuant to the Relocation Assistance Law of 1967 (N.J.S.A. 52:31B-1 et seq.) and the Relocation Assistance Act (N.J.S.A. 20:4-1 et seq.) and regulations promulgated thereunder (N.J.A.C. 5:11), as a permanent move outside of a priority area, shall not have priority status under this Section.

Former N.J.A.C. 5:13-1.19, Rights to hearing, recodified to 5:13-1.17.

### 5:13-1.20 Declaratory rulings

(a) Upon request of any interested party the State Administrator may, in his discretion, make a declaratory ruling with respect to the applicability to any person, property or state of facts of any statute or rule enforced or administered by the State Administrator.

(b) A declaratory ruling shall bind the agency and all parties to the proceedings on the state of facts alleged.

(c) Full opportunity for hearing shall be afforded to all interested parties.

(d) Such ruling shall be deemed a decision or action subject to review before the Office of Administrative Law.

(e) Nothing in this Section shall affect the right or practice of the State Administrator in his sole discretion to render advisory opinions.

As amended, R.1983 d.145, eff. May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

In (d) charged review before the Appellate Division of the Superior Court to the Office of Administrative Law.  
Recodified from 5:13-1.27 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

Former N.J.A.C. 5:13-1.20, Request for a hearing, recodified to 5:13-1.18.

### 5:13-1.21 Informal disposition

Nothing in this Chapter shall be construed to preclude the State Administrator to dispose of any contested case by stipulation, agreed settlement, or consent order.

Recodified from 5:13-1.28 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

### 5:13-1.22 (Reserved)

R.1983 d.145, effective May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

This section formerly contained rules concerning conduct of hearing and evidence.

### 5:13-1.23 (Reserved)

R.1983 d.145, effective May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

This section formerly contained rules concerning transcripts.

### 5:13-1.24 (Reserved)

R.1983 d.145, effective May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

This section formerly contained rules concerning findings of fact.

### 5:13-1.25 (Reserved)

Recodified to 5:13-1.19 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

### 5:13-1.26 (Reserved)

R.1983 d.145, effective May 16, 1983.  
See: 15 N.J.R. 193(a), 15 N.J.R. 803(b).

This section formerly contained rules concerning final report and order.

### 5:13-1.27 (Reserved)

Recodified to 5:13-1.20 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

### 5:13-1.28 (Reserved)

Recodified to 5:13-1.21 by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

## SUBCHAPTER 2. LIMITED DIVIDEND HOUSING CORPORATIONS AS COOPERATIVES

### 5:13-2.1 Scope

The provisions of this subchapter shall apply to Limited Dividend Corporations formed as Cooperatives under the Act and financed under an FHA-insured (Section 213) mortgage and shall supplement the provisions of N.J.A.C. 5:13-1 as they apply to such corporations.

Amended by R.1997 d.253, effective June 16, 1997.  
See: 29 N.J.R. 965(b), 29 N.J.R. 2653(a).

Substituted "and shall supplement the provisions of N.J.A.C. 5:13-1 as they apply to such corporations" for "in addition to provisions contained in Sections 1.2 through 1.28 of this Chapter".

### 5:13-2.2 Management, operation and maintenance of cooperative projects

(a) Dwelling units in any project hereunder shall be restricted for occupancy to families in which the principal wage earner's net annual income at the time of application and for the taxable year preceding the making of such application does not exceed seven times the annual rent (including the estimated value or cost to them of water, heat, electricity, gas or other utilities) of the dwelling units to be occupied by such families. The term "net annual income" as used herein shall mean the annual income of the principal wage earner of the family but shall not include any pension, compensation or disability payment received from the Federal or State government by any veteran, or any widow or orphan of any deceased serviceman or veteran by reason of, or as a result of, active military or naval service.

(b) The corporation is entitled to charge the applicant a fee for its investigation regarding employment and income as required in subsection (a) of this Section. Said fee, however, may not exceed \$5.00.

(c) With the exception of superintendents or janitors of the project, all persons occupying units of the project, including members, officers or agents of the corporation, shall be treated the same and shall be governed by the same principles

in connection with the rent to be charged for the units occupied by them. No officer, employee or agent of the corporation shall receive any special privileges in connection with occupancy of any unit in the project.

#### Case Notes

In light of N.J.A.C. 5:13-2.2(c), the Department did not have authority to impose a waiver requirement in instances of hardship as a condition for its approval of an increase in the monthly carrying charge owed by residents of a limited-dividend housing corporation (modifying 2007 N.J. AGEN LEXIS 765). *College Towers v. Bureau of Homeowner Protection*, Dep't of Community Affairs, OAL Dkt. No. CAF 10533-06, 2007 N.J. AGEN LEXIS 847, Final Decision (December 31, 2007).

While one of the principles referred to in N.J.A.C. 5:13-2.2(c) might very well be the maintenance of affordability for lower-income shareholder-residents in a project, such as *College Towers*, in which there exists a range of incomes, this must be made explicit in the rule in order to constitute prior notice to regulated parties and thus be enforceable (modifying 2007 N.J. AGEN LEXIS 765). *College Towers v. Bureau of Homeowner Protection*, Dep't of Community Affairs, OAL Dkt. No. CAF 10533-06, 2007 N.J. AGEN LEXIS 847, Final Decision (December 31, 2007).

#### 5:13-2.3 Stock transfer

(a) Notwithstanding the provisions of any certificates of incorporation or bylaws promulgated thereunder, in order to better effectuate the purpose of providing accommodations for families in need of housing and to perpetuate the nonprofit purpose and intent of cooperative type housing, it shall be mandatory on the corporation to exercise its option to purchase, at par value less any amounts due by the stockholder to the corporation, the shares of stock and occupancy agreement offered by a stockholder desiring to leave the project. The corporation shall then resell the stock at par value plus a reasonable service charge to be approved by the Authority.

(b) Upon written request by the corporation setting forth good and sufficient reasons, the Administrator is authorized to waive in writing to the corporation the provisions of this Section.

### APPENDIX

#### Limited-Dividend Nonprofit Housing Corporations or Associations Law

##### N.J.S.A. 55:16-1 et seq.

*The Limited-Dividend Nonprofit Housing Corporations or Associations Law, P.L. 1949, c. 184 (N.J.S.A. 55:16-1 et seq.), was repealed, effective April 17, 1992, by the Long Term Tax Exemption Law, P.L. 1991, c. 431 (N.J.S.A. 40A:20-1 et seq.). However, as noted in the New Jersey Statutes Annotated in the notes to N.J.S.A. 40A:20-1, section 20, paragraph b. of the Long Term Tax Exemption Law provided that "an urban renewal entity organized and operating under a law repealed by P.L. 1991, c. 431 shall not be affected by that repeal."*

*Notwithstanding the fact that limited-dividend and nonprofit housing corporations and associations organized under*

*P.L. 1949, c. 184 continue to be subject to that law, the New Jersey Statutes Annotated no longer contains its text. In order to make the text readily accessible to the public, the Department is publishing it as an appendix to this chapter.*

#### 55:16-1 Short title

This act may be cited and referred to as the "Limited-Dividend Nonprofit Housing Corporations or Associations Law."

#### 55:16-2 Legislative determination of necessity

It is hereby declared that there is a severe housing shortage in the State; that there are places in many municipalities of the State where dwellings lack proper sanitary facilities and are in need of major repairs or unfit for residential use; that these conditions are detrimental to the health, safety, morals, welfare and reasonable comfort of the people of the State; that these conditions reduce economic values and impair private investments and public revenues; that the improvement of these conditions requires the production of new dwellings at rents which the families who need housing can afford; that the creation of the agencies, associations and corporations hereinafter described, is necessary and desirable for this purpose; that the provision of housing to make possible and to assist the clearance, planning, development or redevelopment of blighted areas, as proposed in this act, is a public purpose and a public use for which public money may be spent and private property acquired; and that the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

#### 55:16-3 Definitions

The following terms wherever used or referred to in this act shall have the following respective meanings, unless a different meaning clearly appears from the context:

(1) The term "authority" means the public housing and development authority in the Department of Community Affairs.

(2) The term "administrator" means the Commissioner of Community Affairs, who is and shall be the administrator of the public housing and development authority.

(3) The term "council" means the Commissioner of Community Affairs.

(4) The term "municipality" shall mean any city of any class, any town, township, village, borough, or any municipal subdivision of the State.

(5) The term "governing body" shall mean, in the case of a municipality, the common council, or the board of commissioners, or the body managing its affairs.

(6) The term "housing project" or "project" shall mean any work or undertaking to provide decent, safe, and sanitary

dwelling for families in need of housing; such undertaking may include any buildings, land (including demolition, clearance or removal of buildings from land), equipment, facilities, or other real or personal properties or interests therein which are necessary, convenient or desirable appurtenances of said undertaking, such as, but not limited to, streets, sewers, water, utilities, parks; site preparations; landscaping, and administrative, community, health, recreational, educa-

tional, welfare, commercial, or other facilities, or to provide any part or combination of the foregoing. The term "housing project" or "project" shall be deemed to include veteran housing projects constructed under the authority of an act entitled "An act providing for housing for veterans of World War II and other people of the State and declaring an emergency in respect thereto" (P.L. 1946, c.323).

(3) The authority may supervise the operation and maintenance of any project of a housing corporation or housing association and may order such repairs as may be necessary to protect the public interest or the health, welfare or safety of the project occupants.

(4) The authority may fix, and alter from time to time, a schedule of rents and charges for any project of a housing corporation or housing association.

(5) The authority may determine standards for, and may control, tenant selection by a housing corporation or housing association.

(6) The authority may require any housing corporation or housing association to pay to the authority such fees as it may prescribe, subject to any regulations of the council, in connection with the examination, inspection, supervision, auditing, or other regulations of the housing corporation or housing association.

(7) The authority may order any housing corporation or housing association to do, or to refrain from doing, such things as may be necessary to comply with the provisions of law, the rules and regulations of the authority, and the terms of any contract or agreement to which the corporation or association may be a party.

(8) The authority may regulate the retirement of any capital investment on the redemption of stock where any such retirement or redemption, when added to the dividend or other distribution, shall exceed in any one fiscal year 8% of the original face amount of any investment in any housing corporation or housing association.

**55:16-17 Action by authority; receiver; reorganization; foreclosure actions; judicial sales**

The authority may institute any proceeding or action against any housing corporation or housing association in any court of competent jurisdiction in order to enforce the provisions of this act or the regulations of the authority thereunder approved by the council, or to foreclose its mortgage, or to protect the public interest, the tenants, the stockholders of the housing corporation or its creditors or persons holding any proprietary interest in any housing association. In connection with any such suit, it may apply for the appointment of a receiver to manage, operate, and take over the affairs of said housing corporation or housing association and the administrator is hereby authorized to accept appointment as receiver of any such housing corporation or housing association when so appointed by a court of competent jurisdiction.

Reorganization of any housing corporation or housing association shall be subject to the supervision and control of the authority and no such reorganization shall be had without the consent of the authority. Upon all such reorganizations, the amount of capitalization, including therein all stocks, income debentures and bonds or, in the case of a housing association, the proprietary interests therein, and other

evidence of indebtedness shall be such as is authorized by the administrator which, in making his determination, shall not exceed the fair value of the property involved.

In any foreclosure action, other than a foreclosure action instituted by the authority, the authority and the municipality in which any tax exemption or abatement is provided any housing corporation or association, in addition to other necessary parties, shall be made parties defendant; and the authority and the municipality shall take all steps in such action necessary to protect the interest of the public therein, and no costs shall be awarded against the authority or the municipality. Subject to the terms of any applicable contract, agreement, guarantee or insurance entered into or obtained pursuant to subsection (14) of section 8 hereof, judgment of foreclosure shall not be entered unless the court to which application therefor is made shall be satisfied that the interest of the lien-holder or holders cannot be adequately secured or safeguarded except by the sale of the property; and, in any such proceeding, the court shall be authorized to make an order increasing the rentals to be charged for the housing accommodations in the project involved in such foreclosure, or appoint the administrator or any officer of the municipality in which any tax exemption or abatement with respect to the project is provided, as a receiver of the property, or grant such other and further relief as may be reasonable and proper; and, in the event of a foreclosure sale or other judicial sale, the property shall be sold only to a housing corporation or housing association which will maintain, operate and manage the project subject to the provisions of this act and the regulations of the authority, approved by the council, issued hereunder, unless the court shall find that the interest and principal on the obligations secured by the lien the subject of foreclosure cannot be earned under the limitations imposed by the provisions of this act and that the proceeding was brought in good faith, in which event the property may be sold free of limitations imposed by this act, or subject to such limitations as the court may deem advisable to protect the public interest.

In the event of a judgment against any housing corporation or housing association in any action not pertaining to the foreclosure of a mortgage, there shall be no sale of any of the real property of such housing corporation except upon 60 days' written notice to the authority. Upon receipt of such notice, the administrator shall take such steps as, in his judgment, may be necessary to protect the right of all parties.

**55:16-18 Exemption of project from taxation; annual service charge**

When the governing body of any municipality in which a project of a housing corporation or housing association is or will be located, by resolution finds that the project is, or will be, an improvement made for the purposes of the clearance, re-planning, development or redevelopment of any blighted area (as defined in any law of this State) within such municipality, or for any of such purposes, then such project and improvement shall be exempt from all property taxation;

provided, that in lieu of taxes, the housing corporation or housing association owning said project shall make to the municipality payment of an annual service charge for municipal services supplied to said project, in such amount, not exceeding the tax on the property on which the project is located for the year in which the undertaking of the project is commenced or 15% of the annual gross shelter rents obtained from the project, whichever is the greater, as may be agreed to by the municipality and the housing corporation or housing association and approved by the authority. Any exemption from taxation made pursuant to the provisions of this section shall not extend for a period of more than 50 years and shall only be effective during the period of usefulness of the project, as determined by the authority, and shall continue in force only while the project is owned by a housing corporation or housing association formed under this act and regulated by the authority or owned and operated by the authority.

**55:16-18.1 Subsidy to corporation or association; purpose; ordinances**

The governing body of any municipality in which a project of a limited-dividend housing corporation or housing association is located may, by ordinance, provide for the payment of money as a subsidy to such limited dividend housing corporation or housing association for the purpose of acquiring land for such project. Every such ordinance shall specify the amount or amounts of such payments, the time or times they are payable, and the terms and conditions of such payments.

**55:16-19 Laws applicable to housing corporations; exemption from franchise and other state taxes**

The provisions of law applicable to stock corporations organized under the laws of this State shall apply to housing corporations incorporated under this act, except where such provisions are in conflict herewith; provided, however, that the Authority may make the exercise of any rights powers and privileges thereunder subject to its prior approval.

Housing corporations organized under the provisions of this act shall be exempt from payment of any franchise or other State tax.

**55:16-20 Partial invalidity**

If any clause, sentence, subdivision, paragraph, section or part of this act be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder hereof, but shall be confined in its operation to the clause, sentence, subdivision, paragraph, sec-

tion or part hereof directly involved in the controversy in which said judgment shall have been rendered.

**55:16-21 Broad interpretation of powers**

The powers enumerated in this act shall be interpreted broadly to effectuate the purposes hereof and shall not be construed as a limitation of powers.

**55:16-22 Release of corporation or association from restrictions and limitations**

Notwithstanding any provision of the act to which this act (P.L. 1950, c.69) is supplemental to the contrary, any limited-dividend housing corporation or association organized in accordance with the provisions of said act may, at any time after the expiration of 15 years from the date of first tenant occupancy of any duly approved housing project of such corporation or association, apply to the authority for permission to be released from the restrictions and limitations imposed upon it under said act. The authority may approve the application provided it is consented to, by resolution, by the governing body of each municipality in which tax exemption has been granted to any housing project of such corporation, after a finding, by resolution of such governing body, that there no longer exists any housing shortage in the municipality by reason of which the project was originally approved. A duly certified copy of each of such resolutions shall be submitted to the authority. Upon the approval of such application by the authority, any tax exemption granted to such housing corporation or association, or any project or improvement thereof, shall terminate, and such corporation or association and the projects thereof shall not thereafter be subject to the restrictions and limitations imposed thereon by the act to which this act is a supplement. In such event, any surplus of such corporation or association then remaining, in excess of the amount required for the repayment of the face amount of investments of stockholders in the capital stock of such corporation or of persons holding any proprietary interest in any housing association, plus any cumulative dividends or return on investment at a rate not to exceed 8% per annum, shall be paid to the State of New Jersey; provided, however, that the authority may enter into agreements with any municipality where tax exemption has been provided, pursuant to section 18 of the act to which this act is a supplement, with respect to any project or projects of such housing corporation or association, for the distribution to, and apportionment of, said surplus between the State and the municipality.

Administrative change.  
Sec: 39 N.J.R. 5213(a).