

NORTH CAROLINA GENERAL ASSEMBLY
1977 SESSION

CHAPTER 1083
HOUSE BILL 1171

AN ACT TO AMEND CHAPTER 122A OF THE GENERAL STATUTES TO AUTHORIZE THE NORTH CAROLINA HOUSING FINANCE AGENCY TO GUARANTEE LOANS FOR THE PURPOSE OF ASSISTING PERSONS AND FAMILIES OF LOWER INCOME TO LOWER HEATING COSTS IN OWNER OCCUPIED RESIDENCES, THUS REDUCING CONSUMPTION OF NONRENEWABLE SOURCES OF ENERGY; AND TO APPROPRIATE NECESSARY FUNDS FOR THIS PURPOSE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 122A-2 as the same appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes of North Carolina is hereby amended by adding the following paragraph at the end of this section:

"The General Assembly hereby also further finds and declares that private enterprise and investment have not been able to provide, without assistance, the needed installation of energy saving materials in owner occupied residences of persons and families of lower income. It is imperative for the health, safety and welfare of these persons and the general public that their residences be suitably heated at affordable cost in order to provide decent housing; and that the consumption of nonrenewable sources of energy be reduced. Therefore, the General Assembly finds that one of the purposes of this Chapter is to assist persons and families of lower income to obtain loans for the purpose of heating their homes at affordable cost and at the same time to significantly reduce the amount of consumption of nonrenewable sources of energy."

Sec 2. G.S. 122A-3 as the same appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes of North Carolina is hereby amended by adding the following at the end of this section:

"(16) 'Energy conservation loan' means a loan obtained from a mortgage lender for the purpose of satisfying an existing obligation of a borrower who is the resident owner of a single family dwelling or of 'residential housing'. The existing obligation of the owner in an 'energy conservation loan' must have been incurred to pay for the purchase of materials or the installation of materials, or both, which results in a significant decrease in the amount of consumption of nonrenewable sources of energy in order to provide or maintain a comfortable level of room temperatures in his residence during the winter. 'Energy conservation loan' does not include a loan obtained to refinance an existing loan agreement unless payment or collection of the original loan was guaranteed by the agency."

Sec. 3. Chapter 122A of the General Statutes as the same appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes of North Carolina is hereby amended by the addition of a new section to be designated G.S. 122A-5.3 and reading as follows:

"§ 122A-5.3. Energy conservation loan authority. — (a) The agency may guarantee the payment or collection of energy conservation loans pursuant to and in accordance with the provisions of this Chapter when the agency has given its approval prior to the initial making of the loan; provided that any such guarantee shall be made only upon determination by the

agency that energy conservation loans were at the time of approval not otherwise available from private lenders upon reasonably equivalent terms and conditions; and provided further, no single guarantee of payment or collection shall exceed the sum of twelve hundred dollars (\$1200) and no person or family of lower income shall be entitled to more than one loan guarantee.

(b) At no time may the agency have outstanding loan guarantees in which the liability of the agency exceeds 15 times any amounts remaining unspent from the specific funds appropriated by the General Assembly for the energy conservation loan guarantee program plus any specific grants or donations for this purpose; but the agency is authorized to expend any unspent amounts from these sources to satisfy its liabilities under the loan guarantee program; provided no other assets of the agency shall be obligated or expended in satisfaction of its energy conservation loan guarantee liability.

(c) The agency shall from time to time adopt, modify, or repeal rules and regulations governing the guaranteeing of energy conservation loans including rules and regulations as to any or all of the following:

- (1) procedures for the submission and approval of requests to guarantee energy conservation loans including advance commitments by the agency to guarantee loans;
- (2) limitations and restrictions on the number of family units, location or other qualifications or characteristics of residences in regard to which energy conservation work is performed to qualify for a loan guarantee;
- (3) restrictions as to interest rates on energy conservation loans or the return which may be realized by mortgage lenders on energy conservation loans guaranteed by the agency;
- (4) schedules of any fees and charges necessary to provide for the administrative expenses of the agency allocable to the administration of the energy conservation loan guarantee program;
- (5) procedures regarding the servicing of energy conservation loan guarantees including procedures for honoring defaults and procedures to be implemented to enforce the obligations of the borrowers to repay guaranteed energy conservation loans;
- (6) any other matters related to the duties and the exercise of the power of the agency with respect to the energy conservation loan guarantee program deemed necessary to effectuate the purposes of this act."

Sec. 4. G.S. 122A-6 as the same appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes of North Carolina is hereby amended by adding the following sentence at the end of the last paragraph thereof:

"Provided the provisions of this section do not apply to the liability of the agency with respect to energy conservation loan guarantees."

Sec. 5. Chapter 122A of the General Statutes as the same appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes of North Carolina is hereby amended by adding the following section thereto to be designated G.S. 122A-6.1 and reading as follows:

“§ 122A-6.1. Credit of State not pledged to satisfy liabilities under energy conservation loan guarantees. — Energy conservation loan guarantees issued under the provisions of this Chapter shall not be deemed to constitute a debt, liability, obligation of the State or of any political subdivision thereof, or a pledge of the faith and credit of the State or of any political subdivision thereof, but shall be payable solely from any unspent specific appropriations by the General Assembly for the energy conservation loan guarantee program and any donations and grants for this specific purpose. Each guarantee issued by the agency shall contain on its face a statement to the effect that the agency shall not be obligated to pay the same nor the interest

thereon except from the unspent specific appropriations by the General Assembly for the energy conservation loan guarantee program and any specific donations and grants for this purpose, and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such guarantees.

Provided any recoveries from the borrower or others which ultimately reduce the amounts paid out by the agency in satisfaction of its liabilities under the energy conservation loan guarantee program shall be deemed unspent appropriations, donations or grants."

Sec. 6. There is hereby appropriated from the General Fund the sum of two hundred fifty thousand dollars (\$250,000) in fiscal year 1977-78 to the North Carolina Housing Finance Agency, in addition to any other appropriations to said agency, for the specific purpose of guaranteeing energy conservation loans in accordance with the provisions of this act. The agency is authorized to pay the expenses of administering the provisions of this act from the investment income on the unspent balance of the funds herein appropriated and on any specific grants or donations.

Sec. 7. This act shall become effective September 1, 1977.

In the General Assembly read three times and ratified, this the 1st day of July, 1977.