

GENERAL ASSEMBLY OF NORTH CAROLINA  
1983 SESSION

CHAPTER 148  
HOUSE BILL 274

AN ACT TO AUTHORIZE THE NORTH CAROLINA HOUSING FINANCE  
AGENCY TO MAKE LOANS TO MORTGAGE LENDERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 122A-3(8) is amended to read:

"(8) 'Mortgage' or 'mortgage loan' means a mortgage loan for residential housing, including, without limitation, a mortgage loan to finance, either temporarily or permanently, the construction, rehabilitation, improvement, or acquisition and rehabilitation or improvement of residential housing and a mortgage loan insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure such a mortgage;"

Sec. 2. G.S. 122A-5 is amended by adding a new subdivision (4) to read:

"(4) To make loans to mortgage lenders on terms and conditions requiring the proceeds thereof to be used by such mortgage lenders to originate new mortgage loans to (i) sponsors of residential housing for persons and families of lower income and persons and families of moderate income and (ii) persons and families of lower income and persons and families of moderate income for residential housing. The loans to mortgage lenders and the loans to be made by such mortgage lenders shall be made on such applicable terms and conditions as are set forth in rules and regulations of the Agency; provided, however, that loans shall be made by such mortgage lenders only upon the determination by the Agency that such financing is not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions."

Sec. 3. Chapter 122A of the General Statutes is amended by adding a new section to read:

**"§ 122A-5.6. Terms and conditions of loans to and by mortgage lenders.** – (a) The Agency shall from time to time adopt, modify, amend or repeal rules and regulations governing the making of loans to mortgage lenders and the application of the proceeds thereof. These rules and regulations shall be designed to effectuate the general purposes of this Chapter and the following specific objectives: (i) the construction and rehabilitation of decent, safe and sanitary residential housing available to persons and families of lower income and persons and families of moderate income at prices or rentals that they can afford; (ii) the encouragement of private enterprise and investment to sponsor, build and rehabilitate residential housing for persons and families of lower income and persons and families of moderate income; and (iii) the restriction of the

financial return and benefit to the mortgage lenders from such loans to an amount that is necessary to induce their participation and that is not excessive as determined by prevailing market conditions.

(b) Notwithstanding any other provision of this section, the interest rate or rates and other terms of the loans to mortgage lenders made from the proceeds of any issue of bonds of the Agency shall provide that the amounts received by the Agency in repayment of the loans and interest thereon shall be at least sufficient to assure the payment of the principal of and the interest on the bonds as they become due.

(c) The Agency shall enter into a written agreement with each mortgage lender that shall require as a condition of each loan to such mortgage lender that the mortgage lender shall originate new mortgage loans within a reasonable period of time as determined by the Agency's rules and regulations and that such new mortgage loans shall have such stated maturities as determined by the Agency's rules and regulations.

(d) The loans to mortgage lenders shall be general obligations of the respective mortgage lenders owing them. The Agency shall require that such loans shall be additionally secured as to payment of both principal and interest by a pledge and lien upon collateral security. The collateral security itself shall be in such amount as the Agency determines will assure the payment of the principal of and the interest on the bonds as they become due. Collateral security shall be deemed to be sufficient if the principal of and the interest on the collateral security, when due, will be sufficient to pay the principal of and the interest on the bonds. The collateral security shall consist of any of the following items: (i) direct obligations of, or obligations guaranteed by, the State or the United States of America; (ii) bonds, debentures, notes or other evidences of indebtedness, satisfactory to the Agency, issued by any of the following federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Export-Import Bank of Washington, Federal Land Banks, the Federal National Mortgage Association or the Government National Mortgage Association; (iii) direct obligations of or obligations guaranteed by the State; (iv) mortgages insured or guaranteed by the United States of America or an instrumentality of it as to payment of principal and interest; (v) any other mortgages secured by real estate on which there is located a residential structure, the collateral value of which shall be determined by the regulations issued from time to time by the Agency; (vi) obligations of Federal Home Loan Banks; (vii) certificates of deposit of banks or trust companies, including the trustee, organized under the laws of the United States or any state, which have a combined capital and surplus of at least fifteen million dollars (\$15,000,000); (viii) Bankers Acceptances; and (ix) commercial paper that has been classified for rating purposes by Dun & Bradstreet, Inc., as Prime-1 or by Standard & Poor's Corp. as A-1.

(e) The Agency may require as a condition of any loan to a mortgage lender such representations and warranties that it determines to be necessary to secure such loans and to carry out the purposes of this section."

Sec. 4. G.S. 122A-4(f) is amended by deleting the third sentence.

Sec. 5. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 7th day of April, 1983.