

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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HOUSE BILL 1200

Short Title: Foreclosure Prev.Grants/Rental & Utility Asst. (Public)

Sponsors: Representatives Szoka, Saine, Baker, and P. Jones (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 27, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDING TO THE NORTH CAROLINA HOUSING FINANCE AGENCY TO IMPLEMENT GRANT PROGRAMS TO ASSIST INDIVIDUALS FACING FORECLOSURE OR EVICTION AND NEEDING ASSISTANCE MAKING UTILITY PAYMENTS DUE TO FINANCIAL HARDSHIP RESULTING FROM THE COVID-19 PANDEMIC.

The General Assembly of North Carolina enacts:

PART I. CORONAVIRUS FUND TRANSFER

SECTION 1.1. The State Controller shall transfer the sum of two hundred million dollars (\$200,000,000) for the 2019-2020 fiscal year from the Coronavirus Relief Reserve established under Section 2.1 of S.L. 2020-4 to the Coronavirus Relief Fund under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, P.L. 116-136, established in Section 2.2 of that act.

SECTION 1.2. Any funds awarded pursuant to this act that are returned or repaid to the Agency shall be deposited to the fund from which it was disbursed in this act to be used for the purposes described in this act and the requirements and limitations set forth in the CARES Act.

SECTION 1.3. Any unspent funds remaining on June 30, 2020, shall be carried forward into the 2020-2021 fiscal year and are hereby appropriated for the 2020-2021 fiscal year. The funds shall be used for the purposes described in this act and the requirements and limitations set forth in the CARES Act.

PART II. FORECLOSURE ASSISTANCE GRANTS

SECTION 2.1. There is appropriated from the Coronavirus Relief Reserve to the Home Protection Program Fund the sum of one hundred million dollars (\$100,000,000) in nonrecurring funds to be used by the Housing Finance Agency for the Home Protection Program in accordance with G.S. 122A-5.14, as modified by this Part.

SECTION 2.2.(a) The Housing Finance Agency (Agency) shall utilize the funding appropriated for the Home Protection Program (Program) in this section in accordance with the provisions of G.S. 122A-5.14, except as modified as follows:

- (1) Eligible participants. – Individuals eligible for the Program meeting all of the following criteria:
 - a. The individual is a residential property owner in this State.



- 1 b. The individual is experiencing financial hardship or a job loss as a
2 result of the COVID-19 pandemic, as verified in consultation with the
3 Division of Employment Security, and unable to make mortgage
4 payments.
- 5 c. The individual's household income may not exceed three hundred fifty
6 percent (350%) of the federal poverty level.
- 7 d. The individual has requested forbearance, loan modification, or other
8 relief from the mortgagee and has been denied.
- 9 (2) Grant program. – An eligible participant may be awarded a grant for mortgage
10 assistance funds in the form of a direct payment to the eligible participant's
11 mortgagee. A grant issued under the Program shall meet the following
12 requirements:
- 13 a. Only one household member may apply for the Program.
- 14 b. The property subject to the mortgage must be the sole and primary
15 residence of the eligible participant.
- 16 c. No more than six thousand dollars (\$6,000) may be awarded to an
17 eligible participant.
- 18 d. The eligible participant must provide all necessary documentation to
19 allow the Agency to evaluate and disburse grant funds. Necessary
20 documentation shall include at least all of the following:
- 21 1. Government-issued identification.
- 22 2. A copy of the deed of trust or mortgage for the subject
23 property.
- 24 3. Copies of any late notices or statements from the mortgagee.
- 25 4. Evidence satisfactory to the Agency demonstrating income
26 levels and current employment status or unemployment benefit
27 status.
- 28 5. Copies of the three most recent bank statements for each
29 account held by the eligible participant at any financial
30 institution.
- 31 6. An attestation and evidence satisfactory to the Agency that the
32 mortgagee denied a request for forbearance, loan modification,
33 or other relief.
- 34 e. All record property owners for the subject property and all parties
35 identified as borrowers on the mortgage or security instrument must
36 agree to the terms of the grant issued under the Program.
- 37 f. The grant shall be disbursed by making direct payments for the benefit
38 of the eligible participant. Direct payments shall be paid monthly to
39 the mortgagee on behalf of the eligible participant. A single monthly
40 direct payment cannot exceed one thousand dollars (\$1,000). No more
41 than six monthly direct payments may be made for the benefit of the
42 eligible participant.
- 43 g. If the property is sold for a profit during a period of 10 years from the
44 last grant disbursement, the eligible participant shall repay to the
45 Agency a sum not to exceed the total amount of the grant disbursement
46 paid on behalf of the eligible participant under the Program, up to the
47 amount of profit realized in the sale. For the purposes of this Program,
48 a property shall be deemed as sold for a profit if any of the following
49 occur:
- 50 1. The property is sold for an amount that is greater than the sum
51 of the amount the eligible participant initially purchased the

1 property for plus the total amount of the grant disbursement
2 paid on behalf of the eligible participant pursuant to the
3 Program.

4 2. The eligible participant refinances the mortgage and receives
5 money reflecting all or a portion of the equity value of the
6 property.

7 (3) Eligibility evaluation. – The Agency may use federal Department of Housing
8 and Urban Development certified housing counselors to conduct intake and
9 eligibility evaluation for the Program and will coordinate with the counselors
10 to administer the grant disbursements and direct payments.

11 (4) Assistance referrals. – A Program applicant shall be provided with referrals to
12 the Agency's State Home Foreclosure Prevention Project and federal
13 Department of Housing and Urban Development certified housing counseling
14 for additional financial and foreclosure prevention assistance.

15 **SECTION 2.2.(b)** With respect to the Program described in this Part,
16 notwithstanding G.S. 122A-5.14(c), the Agency is exempt from the requirements of Article 2A
17 of Chapter 150B of the General Statutes.

18 **SECTION 2.2.(c)** On or before January 1, 2021, the Housing Finance Agency shall
19 submit a report to the Joint Legislative Oversight Committee on General Government and the
20 Fiscal Research Division that includes all of the following:

21 (1) A list of mortgagees that denied a request for forbearance, loan modification,
22 or other relief to an individual applying under the Program.

23 (2) A summary of applications, grants awarded and denied, and general demand
24 for the Program.

25 (3) Any funding requirements or legislative recommendations.

26 **SECTION 2.2.(d)** An amount not to exceed ten percent (10%) of funds allocated for
27 the Program shall be used by the Housing Finance Agency for administration, staffing, and
28 technical support to housing counseling agencies and nonprofit organizations providing housing
29 counseling and support in this State.

30 **SECTION 2.2.(e)** Of the funds appropriated in this Part to the Housing Finance
31 Agency, the sum of five million dollars (\$5,000,000) shall be provided in the form of grants to
32 federal Department of Housing and Urban Development certified housing counseling agencies
33 in this State for administrative, staffing, and technology costs.

34 **SECTION 2.2.(f)** Of the funds appropriated in this Part to the Housing Finance
35 Agency, the sum of five million dollars (\$5,000,000) shall be provided in the form of grants to
36 nonprofit organizations that provide legal assistance to homeowners facing foreclosure in this
37 State.

38 **PART III. RENTAL AND UTILITY PAYMENT ASSISTANCE**

39 **SECTION 3.1.** There is appropriated from the Coronavirus Relief Reserve to the
40 Housing Finance Agency the sum of one hundred million dollars (\$100,000,000) in nonrecurring
41 funds to be used by the Housing Finance Agency for the purposes outlined in this Part.

42 **SECTION 3.2.(a)** The Housing Finance Agency (Agency) shall utilize the funding
43 appropriated in this Part to establish a rental assistance grant program (Grant Program) to assist
44 individuals and families in remaining in their current rental housing and to avoid eviction as a
45 result of financial hardship from the COVID-19 pandemic and to provide stability to the rental
46 housing market. The Agency shall develop and administer the Grant Program in accordance with
47 the following:

48 (1) Eligible participants. – Individuals eligible for the Grant Program meeting all
49 of the following criteria:

50 a. The individual is a tenant of residential rental property in this State.
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- 1 b. The individual is experiencing financial hardship or a job loss as a
2 result of the COVID-19 pandemic, as verified in consultation with the
3 Division of Employment Security, and unable to make rental payments
4 in accordance with a lease agreement.
- 5 c. The individual's household earned no more than one hundred percent
6 (100%) of the subject area median income during the preceding
7 calendar year, as determined and published by the federal Department
8 of Housing and Urban Development.
- 9 (2) Grant program. – An eligible participant may be awarded a grant for rental
10 assistance funds in the form of a direct payment to the eligible participant's
11 landlord. A grant issued under the Grant Program shall meet the following
12 requirements:
- 13 a. Only one household member may apply for the Grant Program.
- 14 b. The rental property must be the sole and primary residence of the
15 eligible participant.
- 16 c. No more than six thousand dollars (\$6,000) may be awarded to an
17 eligible participant.
- 18 d. The eligible participant must provide all necessary documentation to
19 allow the Agency to evaluate and disburse grant funds. Necessary
20 documentation shall include at least all of the following:
- 21 1. Government-issued identification.
- 22 2. A copy of the lease agreement or other proof of possession of
23 the subject property.
- 24 3. Copies of any late notices or warnings from the landlord.
- 25 4. Evidence satisfactory to the Agency demonstrating income
26 levels and current employment status or unemployment benefit
27 status.
- 28 5. Copies of the three most recent bank statements for each
29 account held by the eligible participant at any financial
30 institution.
- 31 e. All tenants listed in the lease agreement for the subject property must
32 agree to the terms of the grant issued under the Grant Program.
- 33 f. The grant shall be disbursed by direct payments for the benefit of the
34 eligible participant. Direct rental payments shall be paid monthly to
35 the landlord on behalf of the eligible participant. A single monthly
36 direct rental payment cannot exceed the lesser of seventy percent
37 (70%) of the adjusted monthly gross household income of the eligible
38 participant or one thousand dollars (\$1,000) and may be used to pay
39 rental payment amounts that are in arrears. No more than six monthly
40 direct rental payments may be made for the benefit of the eligible
41 participant.
- 42 (3) Eligibility evaluation and assessment. – The Agency shall provide grants to
43 federal Department of Housing and Urban Development certified housing
44 counseling agencies and North Carolina Department of Health and Human
45 Services approved rehousing agencies, ensuring that assistance is available
46 throughout the State, to do the following:
- 47 a. Conduct intake and eligibility evaluation for the Grant Program and
48 coordinate in the administration of the grant disbursements and direct
49 rental payments.
- 50 b. Assess individuals' needs and provide referrals for financial assistance,
51 legal services, or other housing stabilization services to assist

1 individuals in maintaining their current housing status and avoiding
2 eviction.

3 **SECTION 3.2.(b)** An amount equal to twenty percent (20%) of the funds
4 appropriated to the Housing Finance Agency in this Part shall be used by the Agency to develop
5 and administer a utility assistance grant fund (Utility Grant). For the purposes of this subsection,
6 a utility is limited to the provision of water, sewer, electricity, and natural gas to a residence, and
7 grant funds disbursed pursuant to this subsection may be used for utility deposits, utility arrears,
8 or ongoing utility bills. The Agency shall administer the Utility Grant in accordance with the
9 following:

- 10 (1) Eligible participants. – Individuals eligible for the Utility Grant shall meet all
11 of the following criteria:
- 12 a. The individual is a tenant or owner of residential property in this State.
 - 13 b. The individual is experiencing financial hardship or a job loss as a
14 result of the COVID-19 pandemic, as verified in consultation with the
15 Division of Employment Security, and unable to make utility
16 payments to a utility provider.
 - 17 c. The individual's household earned no more than eighty percent (80%)
18 of the subject area median income during the preceding calendar year,
19 as determined and published by the federal Department of Housing
20 and Urban Development.
- 21 (2) Utility fund. – An eligible participant may be awarded a grant for utility
22 assistance funds in the form of a direct payment to the eligible participant's
23 utility providers. A grant issued under the Utility Fund shall meet the
24 following requirements:
- 25 a. Only one household member may apply for a grant.
 - 26 b. The subject property must be the sole and primary residence of the
27 eligible participant.
 - 28 c. No more than one thousand eight hundred dollars (\$1,800) may be
29 awarded to an eligible participant.
 - 30 d. The eligible participant must provide all necessary documentation to
31 allow the Agency to evaluate and disburse grant funds. Necessary
32 documentation shall include at least all of the following:
 - 33 1. Government-issued identification.
 - 34 2. Proof of ownership or possession of the subject property.
 - 35 3. Copies of utility statements, including any late notices or
36 warnings.
 - 37 4. Evidence satisfactory to the Agency demonstrating income
38 levels and current employment status or unemployment benefit
39 status.
 - 40 e. All individuals listed as responsible parties for the subject property's
41 utilities must agree to the terms of the grant issued under the Grant
42 Program.
 - 43 f. The grant shall be disbursed by making direct payments for the benefit
44 of the eligible participant. Direct utility payments shall be paid
45 monthly to the utilities on behalf of the eligible participant. No more
46 than six monthly direct payments may be made on behalf of the
47 eligible participant. The amount of the grant shall be limited as
48 follows:
 - 49 1. For an eligible participant who has a household income at or
50 below fifty percent (50%) of the area median income, as
51 determined and published by the federal Department of

1 Housing and Urban Development, may receive an aggregate of
2 monthly direct utility payments not exceeding three hundred
3 dollars (\$300.00).
4 2. For an eligible participant who has a household income at or
5 between fifty-one percent (51%) and eighty percent (80%) of
6 the area median income, as determined and published by the
7 federal Department of Housing and Urban Development, may
8 receive an aggregate of monthly direct utility payments not
9 exceeding one hundred fifty dollars (\$150.00).

10 **SECTION 3.2.(c)** With respect to the adoption of procedures for the Grant Program
11 and the Utility Program established in this Part, the Agency is exempt from the requirements of
12 Article 2A of Chapter 150B of the General Statutes.

13 **SECTION 3.2.(d)** On or before January 1, 2021, the Housing Finance Agency shall
14 submit a report to the Joint Legislative Oversight Committee on General Government and the
15 Fiscal Research Division that includes all of the following:

- 16 (1) A summary of applications, grants awarded and denied, and general demand
17 for the Grant Program.
- 18 (2) A summary of individuals seeking financial assistance, legal services, or other
19 housing stabilization services.
- 20 (3) Any funding requirements or legislative recommendations.

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22 **PART IV. EFFECTIVE DATE**

23 **SECTION 4.1.** This act is effective when it becomes law.