WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1976

ENROLLED

HOUSE BILL No. 1405

(By Mr. Mr. Laughlin i Mr. Polan)

PASSED March 13, 1976

In Effect from Passage

FILED IN THE OFFICE OF
SECRETARY OF STATE OF
WEST VIRGINIA

THIS DATE 3/29/76
AN ACT to amend chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding there­to a new article, designated article twenty-a, authorizing any Class I or Class II city to establish a neighborhood rehabilita­tion fund; providing certain legislative findings and purpose; defining terms; providing that any such neighborhood rehabili­tation fund shall be used to make loans or to guarantee the re­payment of loans made to certain residents of any such Class I or Class II city for the rehabilitation of their residences; relating to certain written agreements setting forth the terms and con­ditions pertaining to such loans; limiting the liability of any such Class I or Class II city to the funds on deposit in such neighbor­hood rehabilitation fund; and providing that any such Class I or Class II city shall have the authority to provide technical and other assistance to such residents in connection with such reha­bilitation.

Be it enacted by the Legislature of West Virginia:

That chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new article, designated article twenty-a, to read as follows:

ARTICLE 20A. NEIGHBORHOOD REHABILITATION.

§8-20A-1. Legislative findings and purpose.

1 (a) The Legislature hereby finds and declares that there has been for a number of years a clear trend for younger and more
affluent persons and families residing in Class I or Class II cities to move their residences from the inner urban areas of such cities to newer suburban areas; that as a result, a disproportionate number of homeowners remaining in such inner urban areas are older, less affluent and otherwise less able to afford the expense of the remodeling, repairing and rehabilitating of their residences necessary to maintain such residences in a sanitary, safe and decent condition; that because of their lack of acceptable loan collateral, the age of their residences and the location and age of the neighborhoods in which their residences are located, many of such homeowners have not been able to borrow funds necessary to effect such remodeling, repair and rehabilitation; and that some of such homeowners who have been able to borrow funds for such purposes have been able to do so only upon rates of interest and upon other terms and conditions which are particularly onerous to such homeowners.

(b) The Legislature further finds and declares that the assistance authorized in this article will provide, and will encourage private lenders to provide, to such homeowners, more readily and at rates of interest and upon other terms and conditions significantly more favorable to such homeowners, the loans necessary to finance the cost of such remodeling, repair and rehabilitations.

(c) The Legislature further finds and declares that it is manifestly in the public interest to foster, in the populous inner urban areas of this state, the pride, self-respect and esteem incident to home ownership and to encourage and assist in the maintenance of residences situate in such areas in a safe, decent and sanitary condition; that without the assistance authorized in this article, there will be continued deterioration of such inner urban areas with the resultant proliferation of urban decay and slums, higher crime rates and general decline in civic pride, public spirit and the quality of life, with all of the public cost, direct and indirect, attendant thereon; and that accordingly by providing such assistance, any Class I or Class II city will be acting in all respects for the benefit of the people of the state of West Virginia and shall thereby serve a public purpose in improving and otherwise promoting their health, welfare and prosperity.

As used in this article, unless the context otherwise requires:

(1) "Eligible dwelling" means real estate upon which there is located a structure designed primarily for residential housing and consisting of dwelling units for not more than four families, provided that all occupancy thereof shall be limited to persons and families who would qualify as eligible residents.

(2) "Eligible resident" means a person or family residing in an eligible dwelling owned by such person or family situate within the corporate limits of a Class I or Class II city, irrespective of race, creed, national origin or sex, with respect to whom it is determined by the governing body of such city that (a) such person or family because of financial conditions, age, infirmity, family size or other reasons, is unable to obtain, on suitable terms and conditions, loans or other credit necessary for the rehabilitation of such eligible dwelling, and hence requires the assistance as provided in this article, (b) such rehabilitation is necessary to place such eligible dwelling in a safe, sanitary and decent condition, and (c) the assistance as authorized in this article shall make financing available to such person or family, or enable such person or family to obtain such financing, on terms and conditions substantially more favorable to such person or family than would otherwise be available.

(3) "Rehabilitation" means a specific work of improvement within a Class I or Class II city undertaken primarily to remodel, repair, or rehabilitate an eligible dwelling occupied by an eligible resident as his principal residence.


(a) Any Class I or Class II city shall have plenary power and authority, by charter provision, ordinance or resolution, to establish a special fund of moneys made available by appropriation, grant, contribution, loan or otherwise, to be known as the neighborhood rehabilitation fund of such city, to be governed, administered and accounted for by the governing body of such city as a special purpose account, separate and distinct from any other moneys, fund or funds owned by such city.
(b) The governing body of any Class I or Class II city may from time to time, by resolution, establish criteria which shall govern the determination of persons and families who qualify as eligible residents.

(c) The purpose of such neighborhood rehabilitation fund shall be to provide funds for the making of loans, or to guarantee the repayment of loans made by private lenders, to eligible residents of such city, the proceeds of which loans are to be used exclusively for rehabilitation.

(d) Such loans shall be made or guaranteed only upon determination by the governing body of such city, or by a board or commission appointed for such purpose by such governing body, that the borrowers are eligible residents, that the proceeds of the loan shall be used for rehabilitation and that loans to such eligible borrowers for rehabilitation are not otherwise available upon reasonably equivalent terms and conditions.

(e) No loan shall be made or guaranteed by such city except in accordance with a written agreement between such city, the eligible resident and in the case of a guaranteed loan the lender making such loan, which agreement shall provide, without limitation, that:

1. The proceeds of such loan shall be used exclusively for rehabilitation;
2. The loan shall be in such principal amount, repayable in such number of consecutive and substantially equal monthly installments, at such annual rate of interest and shall be secured in such manner as specified in such agreement;
3. In the case of a guaranteed loan, such city shall be obligated to repay, from the neighborhood rehabilitation fund established in accordance with this article, any installment or installments of such loan as shall be in default from time to time in accordance with the provisions of such agreement;
4. In the event an eligible resident defaults on such a loan made by such city, or in the event such city incurs an obligation on a guaranteed loan such city shall be entitled, at its option, to realize on any and all security for said loan:

Provided, That the right of such city to realize on such security
with respect to a guaranteed loan shall be subordinate and secondary to the right of the lender as to such security, to the extent of the unpaid balance of such loan.

(f) Nothing in this article contained shall be so construed as to authorize any city to make any contract or incur any obligation or liability of any kind or nature, except such as shall be discharged or payable solely from the funds on deposit in such neighborhood rehabilitation fund.

§8-20A-4. Inspection and technical assistance.

In addition to all other powers and rights of a Class I or Class II city, any Class I or Class II city shall have plenary power and authority, at the request of eligible residents, to inspect the residences of such eligible residents, to make recommendations concerning rehabilitation and to provide all manner of technical services and assistance in the planning, processing and design of needed rehabilitation.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the House.
Takes effect from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within approved this the 26th day of March, 1976.

Governor
PRESENTED TO THE GOVERNOR

Date  3/22/76
Time  11:40 a.m.