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CLERK OF
THE HOUSE OF STATE
WEST VIRGINIA

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1976



ENROLLED

HOUSE BILL No. 1405

(By Mr. Mr. Laughlin & 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

1405

ENROLLED

H. B. 1405

(By MR. McLAUGHLIN and MR. POLAN)

[Passed March 13, 1976; in effect from passage.]

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
- 2 been for a number of years a clear trend for younger and more

3 affluent persons and families residing in Class I or Class II
4 cities to move their residences from the inner urban areas of
5 such cities to newer suburban areas; that as a result, a dispro-
6 portionate number of homeowners remaining in such inner ur-
7 ban areas are older, less affluent and otherwise less able to af-
8 ford the expense of the remodeling, repairing and rehabilitating
9 of their residences necessary to maintain such residences in a
10 sanitary, safe and decent condition; that because of their lack
11 of acceptable loan collateral, the age of their residences and the
12 location and age of the neighborhoods in which their residences
13 are located, many of such homeowners have not been able to
14 borrow funds necessary to effect such remodeling, repair and
15 rehabilitation; and that some of such homeowners who have
16 been able to borrow funds for such purposes have been able
17 to do so only upon rates of interest and upon other terms and
18 conditions which are particularly onerous to such homeowners.

19 (b) The Legislature further finds and declares that the as-
20 sistance authorized in this article will provide, and will en-
21 courage private lenders to provide, to such homeowners, more
22 readily and at rates of interest and upon other terms and con-
23 ditions significantly more favorable to such homeowners, the
24 loans necessary to finance the cost of such remodeling, repair
25 and rehabilitations.

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

§8-20A-2. Definitions.

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

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

7 (2) "Eligible resident" means a person or family residing
8 in an eligible dwelling owned by such person or family situate
9 within the corporate limits of a Class I or Class II city, irre-
10 spective of race, creed, national origin or sex, with respect to
11 whom it is determined by the governing body of such city that
12 (a) such person or family because of financial conditions, age,
13 infirmity, family size or other reasons, is unable to obtain, on
14 suitable terms and conditions, loans or other credit necessary
15 for the rehabilitation of such eligible dwelling, and hence re-
16 quires the assistance as provided in this article, (b) such reha-
17 bilitation is necessary to place such eligible dwelling in a safe,
18 sanitary and decent condition, and (c) the assistance as autho-
19 rized in this article shall make financing available to such per-
20 son or family, or enable such person or family to obtain such
21 financing, on terms and conditions substantially more favorable
22 to such person or family than would otherwise be available.

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

§8-20A-3. Neighborhood rehabilitation fund.

1 (a) Any Class I or Class II city shall have plenary power and
2 authority, by charter provision, ordinance or resolution, to es-
3 tablish a special fund of moneys made available by appropria-
4 tion, grant, contribution, loan or otherwise, to be known as the
5 neighborhood rehabilitation fund of such city, to be governed,
6 administered and accounted for by the governing body of such
7 city as a special purpose account, separate and distinct from
8 any other moneys, fund or funds owned by such city.

9 (b) The governing body of any Class I or Class II city may
10 from time to time, by resolution, establish criteria which shall
11 govern the determination of persons and families who qualify
12 as eligible residents.

13 (c) The purpose of such neighborhood rehabilitation fund
14 shall be to provide funds for the making of loans, or to guaran-
15 tee the repayment of loans made by private lenders, to eligible
16 residents of such city, the proceeds of which loans are to be
17 used exclusively for rehabilitation.

18 (d) Such loans shall be made or guaranteed only upon de-
19 termination by the governing body of such city, or by a board
20 or commission appointed for such purpose by such governing
21 body, that the borrowers are eligible residents, that the pro-
22 ceeds of the loan shall be used for rehabilitation and that loans
23 to such eligible borrowers for rehabilitation are not otherwise
24 available upon reasonably equivalent terms and conditions.

25 (e) No loan shall be made or guaranteed by such city except
26 in accordance with a written agreement between such city, the
27 eligible resident and in the case of a guaranteed loan the lend-
28 er making such loan, which agreement shall provide, without
29 limitation, that:

30 (1) The proceeds of such loan shall be used exclusively for
31 rehabilitation;

32 (2) The loan shall be in such principal amount, repayable
33 in such number of consecutive and substantially equal monthly
34 installments, at such annual rate of interest and shall be se-
35 cured in such manner as specified in such agreement;

36 (3) In the case of a guaranteed loan, such city shall be ob-
37 ligated to repay, from the neighborhood rehabilitation fund
38 established in accordance with this article, any installment or
39 installments of such loan as shall be in default from time to
40 time in accordance with the provisions of such agreement;

41 (4) In the event an eligible resident defaults on such a loan
42 made by such city, or in the event such city incurs an obliga-
43 tion on a guaranteed loan such city shall be entitled, at its
44 option, to realize on any and all security for said loan:
45 *Provided*, That the right of such city to realize on such security

46 with respect to a guaranteed loan shall be subordinate and sec-
47 ondary to the right of the lender as to such security, to the
48 extent of the unpaid balance of such loan.

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

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

1 In addition to all other powers and rights of a Class I or
2 Class II city, any Class I or Class II city shall have plenary
3 power and authority, at the request of eligible residents, to in-
4 spect the residences of such eligible residents, to make recom-
5 mendations concerning rehabilitation and to provide all man-
6 ner of technical services and assistance in the planning, pro-
7 cessing and design of needed rehabilitation.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis

Chairman Senate Committee

Clarence C. Chubb

Chairman House Committee

Originated in the House.

Takes effect from passage.

J. Seilan, Jr.

Clerk of the Senate

C. Blankenship

Clerk of the House of Delegates

H. B. ...

President of the Senate

Lewis T. ...

Speaker House of Delegates

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

Archie ...

Governor

PRESENTED TO THE
GOVERNOR

Date 3/22/76

Time 11:40 a.m.