

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1977



ENROLLED

SENATE BILL NO. 542

(By Mr. Brotherton, Mr. President)



PASSED March 30, 1977

In Effect ninty days from Passage

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Senate Bill No. 543

(By MR. BROTHERTON, MR. PRESIDENT)

[Passed March 30, 1977; in effect ninety days 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 municipality 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 municipality 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 municipality to the funds on deposit in such neighborhood rehabilitation fund; and providing that any such municipality 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
- 2 there has been for a number of years a clear trend for

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

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

29 (c) The Legislature further finds and declares that it
30 is manifestly in the public interest to foster, in the pop-
31 ulous inner urban areas of this state, the pride, self-
32 respect and esteem incident to home ownership and to
33 encourage and assist in the maintenance of residences
34 situate in such areas in a safe, decent and sanitary condi-
35 tion; that without the assistance authorized in this article,
36 there will be continued deterioration of such inner urban
37 areas with the resultant proliferation of urban decay and
38 slums, higher crime rates and general decline in civic
39 pride, public spirit and the quality of life, with all of
40 the public cost, direct and indirect, attendant thereon;
41 and that accordingly by providing such assistance, any
42 municipality will be acting in all respects for the benefit
43 of the people of the state of West Virginia and shall

44 thereby serve a public purpose in improving and other-
45 wise promoting their health, welfare and prosperity.

§8-20A-2. Definitions.

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

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

9 (2) "Eligible resident" means a person or family re-
10 siding in an eligible dwelling owned by such person or
11 family situate within the corporate limits of a munici-
12 pality, irrespective of race, creed, national origin or sex,
13 with respect to whom it is determined by the governing
14 body of such city that (a) such person or family because
15 of financial condition, age, infirmity, family size or other
16 reasons, is unable to obtain, on suitable terms and condi-
17 tions, loans or other credit necessary for the rehabilita-
18 tion of such eligible dwelling, and hence requires the
19 assistance as provided in this article, (b) such rehabili-
20 tation is necessary to place such eligible dwelling in a
21 safe, sanitary and decent condition, and (c) the assistance
22 as authorized in this article shall make financing avail-
23 able to such person or family, or enable such person or
24 family to obtain such financing, on terms and conditions
25 substantially more favorable to such person or family
26 than would otherwise be available.

27 (3) "Rehabilitation" means a specific work of improve-
28 ment within a municipality undertaken primarily to re-
29 model, repair or rehabilitate an eligible dwelling occu-
30 pied by an eligible resident as his principal residence.

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

1 (a) Any municipality shall have plenary power and
2 authority, by charter provision, ordinance or resolution,
3 to establish a special fund of moneys made available by
4 appropriation, grant, contribution, loan or otherwise, to
5 be known as the neighborhood rehabilitation fund of

6 such city, to be governed, administered and accounted
7 for by the governing body of such city as a special pur-
8 pose account, separate and distinct from any other
9 moneys, fund or funds owned by such city.

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

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

19 (d) Such loans shall be made or guaranteed only upon
20 determination by the governing body of such city, or by
21 a board or commission appointed for such purpose by
22 such governing body, that the borrowers are eligible
23 residents, that the proceeds of the loan shall be used
24 for rehabilitation and that loans to such eligible borrow-
25 ers for rehabilitation are not otherwise available upon
26 reasonable equivalent terms and conditions.

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

32 (1) The proceeds of such loan shall be used exclu-
33 sively for rehabilitation;

34 (2) The loan shall be in such principal amount, re-
35 payable in such number of consecutive and substantially
36 equal monthly installments, at such annual rate of inter-
37 est and shall be secured in such manner as specified in
38 such agreement;

39 (3) In the case of a guaranteed loan, such city shall
40 be obligated to repay, from the neighborhood rehabilita-
41 tion fund established in accordance with this article, any
42 installment or installments of such loan as shall be in
43 default from time to time in accordance with the pro-
44 visions of such agreement;

45 (4) In the event an eligible resident defaults on such
46 a loan made by such city, or in the event such city incurs
47 an obligation on a guaranteed loan such city shall be
48 entitled, at its option, to realize on any and all security
49 for said loan: *Provided*, That the right of such city to
50 realize on such security with respect to a guaranteed loan
51 shall be subordinate and secondary to the right of the
52 lender as to such security, to the extent of the unpaid
53 balance of such loan.

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

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

1 In addition to all other powers and rights of a municipi-
2 pality any municipality shall have plenary power and
3 authority, at the request of eligible residents, to inspect
4 the residences of such eligible residents, to make recom-
5 mendations concerning rehabilitation and to provide all
6 manner of technical services and assistance in the plan-
7 ning, processing 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

Conrad C. Christman
Chairman House Committee

Originated in the Senate.

To take effect ninety days from passage.

Joe Willoughby
Clerk of the Senate

W. Blankenship
Clerk of the House of Delegates

W. T. Butcher
President of the Senate

Donald L. Hoop
Speaker House of Delegates

The within is approved this the 11
day of April, 1977.

John D. Rhyne
Governor



APPROVED AND SIGNED BY THE GOVERNOR

Date April 11, 1977

Time 3:15 p.m.

RECEIVED

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OFFICE OF THE GOVERNOR