

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

H.B. 1200  
May 26, 2020  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10823-MQa-162

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

Sponsors: Representative Szoka.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FUNDING TO THE NORTH CAROLINA HOUSING FINANCE  
3 AGENCY TO IMPLEMENT GRANT PROGRAMS TO ASSIST INDIVIDUALS FACING  
4 FORECLOSURE OR EVICTION AND NEEDING ASSISTANCE MAKING UTILITY  
5 PAYMENTS DUE TO FINANCIAL HARDSHIP RESULTING FROM THE COVID-19  
6 PANDEMIC.

7 The General Assembly of North Carolina enacts:

8  
9 **PART I. CORONAVIRUS FUND TRANSFER**

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

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

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

23  
24 **PART II. FORECLOSURE ASSISTANCE GRANTS**

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

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

- 32 (1) Eligible participants. – Individuals eligible for the Program meeting all of the  
33 following criteria:  
34 a. The individual is a residential property owner in this State.  
35 b. The individual is experiencing financial hardship or a job loss as  
36 a result of the COVID-19 pandemic, as verified in consultation with the



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

1 paid on behalf of the eligible participant pursuant to the  
2 Program.  
3 2. The eligible participant refinances the mortgage and receives  
4 money reflecting all or a portion of the equity value of the  
5 property.

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

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

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

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

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

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

24 (3) Any funding requirements or legislative recommendations.

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

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

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

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### 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.

- 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  
14 a 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

