

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 361

Short Title: CDBG Loan Guarantees/AB.

(Public)

Sponsors: Representatives Robinson; Thompson, Buchanan, and Sexton.

Referred to: Business and Labor.

March 7, 1995

A BILL TO BE ENTITLED

**AN ACT TO AUTHORIZE THE DEPARTMENT OF COMMERCE TO PLEDGE
BLOCK GRANT FUNDS AS LOAN GUARANTEES PURSUANT TO THE
HOUSING AND COMMUNITY DEVELOPMENT ACT.**

The General Assembly of North Carolina enacts:

Section 1. G.S. 143B-431(d) reads as rewritten:

"(d) The Department of Commerce, with the approval of the Governor, may apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual and may comply with the terms, conditions, and limitations of such grants in order to accomplish the Department's purposes. Grant funds shall be expended pursuant to the Executive Budget Act. In addition, the Department shall have the following powers and duties with respect to its duties in administering federal programs:

- (1) To negotiate, collect, and pay reasonable fees and charges regarding the making or servicing of grants, loans, or other evidences of indebtedness.
- (2) To establish and revise by regulation, in accordance with Chapter 150B of the General Statutes, schedules of reasonable rates, fees, or charges for services rendered, including but not limited to, reasonable fees or charges for servicing applications. Schedules of rates, fees, or charges may vary according to classes of service, and different schedules may

1 be adopted for public entities, nonprofit entities, private for-profit
2 entities, and individuals.

- 3 (3) To pledge current and future federal fund appropriations to the State
4 from the Community Development Block Grant (CDBG) program for
5 use as loan guarantees in accordance with the provisions of the Section
6 108 Loan Guarantee program, Subpart M, 24 CFR 570.700, et seq.,
7 authorized by the Housing and Community Development Act of 1974
8 and amendments thereto. The Department may enter into loan guarantee
9 agreements with authorized State and federal agencies and other
10 necessary parties in order to carry out its duties under this subdivision.
11 In making loan guarantees authorized under this subdivision, the
12 Department shall ensure that apportionment of the risks involved in
13 pledging future federal funds in accordance with State policies and
14 priorities for financial support of these categories is made primary
15 against the category from which the loan guarantee originally derived. A
16 pledge of future CDBG funds under this subdivision is not a debt or
17 liability of the State or any political subdivision of the State or a pledge
18 of the faith and credit of the State or any political subdivision of the
19 State. The pledging of future CDBG funds under this subdivision does
20 not directly, indirectly, or contingently obligate the State or any political
21 subdivision of the State to levy or to pledge any taxes."

22 Sec. 2. G.S. 153A-376 is amended by adding the following new subsection to
23 read:

24 "(e) Any county may receive and dispense funds from the Community
25 Development Block Grant Section 108 Loan Guarantee program, Subpart M, 24 CFR
26 570.700 et seq., either through application to the North Carolina Department of
27 Commerce or directly from the federal government, in accordance with State and federal
28 laws governing these funds. Any county that receives these funds directly from the
29 federal government may pledge current and future CDBG funds for use as loan
30 guarantees in accordance with State and federal laws governing these funds. Any county
31 that has pledged current or future CDBG funds for use as loan guarantees prior to the
32 enactment of this subsection is authorized to have taken such action. A pledge of future
33 CDBG funds under this subsection is not a debt or liability of the State or any political
34 subdivision of the State or a pledge of the faith and credit of the State or any political
35 subdivision of the State. The pledging of future CDBG funds under this subsection does
36 not directly, indirectly, or contingently obligate the State or any political subdivision of
37 the State to levy or to pledge any taxes."

38 Sec. 3. G.S. 160A-456 is amended by adding the following new subsection to
39 read:

40 "(d1) Any city may receive and dispense funds from the Community Development
41 Block Grant Section 108 Loan Guarantee program, Subpart M, 24 CFR 570.700 et seq.,
42 either through application to the North Carolina Department of Commerce or directly
43 from the federal government, in accordance with State and federal laws governing these

1 funds. Any city that receives these funds directly from the federal government may
2 pledge current and future CDBG funds for use as loan guarantees in accordance with
3 State and federal laws governing these funds. Any city that has pledged current or future
4 CDBG funds for use as loan guarantees prior to the enactment of this subsection is
5 authorized to have taken such action. A pledge of future CDBG funds under this
6 subsection is not a debt or liability of the State or any political subdivision of the State or
7 a pledge of the faith and credit of the State or any political subdivision of the State. The
8 pledging of future CDBG funds under this subsection does not directly, indirectly, or
9 contingently obligate the State or any political subdivision of the State to levy or to
10 pledge any taxes."

11 Sec. 4. This act becomes effective July 1, 1995.