
By: **Delegate Krysiak**
Introduced and read first time: February 8, 2002
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 5, 2002

CHAPTER 271

1 AN ACT concerning

2 **Department of Housing and Community Development - Settlement Expense**
3 **Loan Program - Homebuyer Education**

4 FOR the purpose of requiring Settlement Expense Loan Program loan recipients to
5 complete certain homebuyer education or housing counseling ~~under certain~~
6 ~~circumstances~~; authorizing the Department of Housing and Community
7 Development to require local jurisdictions to provide the Department with
8 certain homebuyer education or housing counseling information under certain
9 circumstances; defining a certain term; and generally relating to the Settlement
10 Expense Loan Program and the Department of Housing and Community
11 Development.

12 BY repealing and reenacting, with amendments,
13 Article 83B - Department of Housing and Community Development
14 Section 2-1001 and 2-1005(b)
15 Annotated Code of Maryland
16 (1998 Replacement Volume and 2001 Supplement)

17 BY adding to
18 Article 83B - Department of Housing and Community Development
19 Section 2-1008
20 Annotated Code of Maryland
21 (1998 Replacement Volume and 2001 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

1 **Article 83B - Department of Housing and Community Development**

2 2-1001.

3 (a) In this subtitle the following words have the meanings indicated.

4 (b) "Settlement expenses" means money that must be paid at the time of the
5 purchase of real estate including:6 (1) Fees or premiums for title examination, title insurance, or similar
7 expenses;8 (2) Fees for preparation of a deed, settlement statement, or other
9 documents;10 (3) Payments owed at the time of settlement for property taxes or hazard
11 insurance coverage;

12 (4) Escrows for future payments of taxes and hazard insurance;

13 (5) Fees for notarizing deeds and other documents;

14 (6) Appraisal fees;

15 (7) Fees for credit reports;

16 (8) Transfer and recordation taxes and fees;

17 (9) Fees or premiums for mortgage insurance;

18 (10) Loan discount points and origination fees; and

19 (11) Down payments.

20 (c) "Eligible homebuyer" means a person or persons:

21 (1) Who will purchase and occupy a single-unit primary residence, and
22 whose household income does not exceed upper income limits established by the
23 Secretary; or24 (2) Who will purchase and occupy a residential building with no more
25 than 4 units, and who agrees to rent all units other than the owner's unit to
26 households with income which does not exceed upper income limits established by the
27 Secretary.28 (D) "HOMEBUYER EDUCATION OR HOUSING COUNSELING" MEANS A
29 ~~FACE TO FACE TUTORIAL OR A CLASSROOM WORKSHOP SESSION THAT INCLUDES~~
30 INSTRUCTION ON PREPARING FOR HOMEOWNERSHIP, SHOPPING FOR A HOME,
31 OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.

1 [(d)] (E) "Loan" means a loan of money made by the Department under this
2 subtitle.

3 [(e)] (F) "Personal circumstances" means:

4 (1) The separation or divorce of the joint tenants; or

5 (2) The death of one of the joint tenants.

6 [(f)] (G) "Program" means the Settlement Expense Loan Program.

7 2-1005.

8 (b) The Department may:

9 (1) Charge application fees or other fees to loan applicants or lenders;

10 (2) Purchase, or make commitments to purchase, loans made by
11 mortgage lenders in conformity with this subtitle and with any regulations or
12 directives issued by the Department;

13 (3) Enter into contracts with third parties who would make or service
14 mortgage loans made, on behalf of the Department, in accordance with this subtitle;

15 (4) Subject to subsection (c) of this section, acquire any property securing
16 a loan made under this subtitle by gift, purchase, foreclosure, or otherwise, and sell or
17 otherwise dispose of the property or interest in the property;

18 (5) Subject to subsection (a) of this section, delegate to local jurisdictions
19 any administrative or operational elements of the Program; [and]

20 (6) Take any other action necessary or convenient for the effective
21 operation of the Program; AND

22 (7) REQUIRE LOCAL JURISDICTIONS THAT ADMINISTER A SETTLEMENT
23 EXPENSE LOAN PROGRAM TO INFORM THE DEPARTMENT OF HOMEBUYER
24 EDUCATION OR HOUSING COUNSELING REQUIREMENTS.

25 2-1008.

26 (A) ~~EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,~~ A PROGRAM
27 LOAN RECIPIENT ~~IS REQUIRED TO~~ SHALL COMPLETE HOMEBUYER EDUCATION OR
28 HOUSING COUNSELING.

29 (B) ~~A PROGRAM LOAN RECIPIENT IS NOT REQUIRED TO COMPLETE~~
30 ~~HOMEBUYER EDUCATION OR HOUSING COUNSELING~~ IF THE LOCAL JURISDICTION IN
31 WHICH THE PROGRAM LOAN RECIPIENT WILL ~~BE UTILIZING~~ UTILIZE THE LOAN DOES
32 NOT ADMINISTER A SETTLEMENT EXPENSE LOAN PROGRAM THAT REQUIRES
33 HOMEBUYER EDUCATION OR HOUSING COUNSELING. A PROGRAM LOAN RECIPIENT
34 SHALL COMPLETE HOMEBUYER EDUCATION OR HOUSING COUNSELING THAT MEETS
35 THE STANDARDS ESTABLISHED BY THE DEPARTMENT.

1 (C) ~~IF AN INDIVIDUAL IS REQUIRED TO COMPLETE HOMEBUYER EDUCATION~~
2 ~~OR HOUSING COUNSELING, IT MUST CONFORM TO THAT OF IF THE LOCAL~~
3 ~~JURISDICTION IN WHICH THE PROGRAM LOAN RECIPIENT WILL UTILIZE THE LOAN~~
4 ~~ADMINISTERS A SETTLEMENT EXPENSE LOAN PROGRAM THAT REQUIRES~~
5 ~~HOMEBUYER EDUCATION OR HOUSING COUNSELING, THE PROGRAM LOAN~~
6 ~~RECIPIENT SHALL COMPLETE THE MORE STRINGENT OF THE DEPARTMENT'S OR THE~~
7 ~~LOCAL JURISDICTION'S HOMEBUYER EDUCATION OR HOUSING COUNSELING~~
8 ~~REQUIREMENTS IN BOTH TIMING AND CONTENT.~~

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2002.