

Chapter 11

(Senate Bill 60)

AN ACT concerning

Community Development Administration – Residential Mortgage Loans – Financial Assistance for Families of Limited Income

FOR the purpose of authorizing the Community Development Administration in the Department of Housing and Community Development to award certain grants; authorizing the Administration to make, participate in making, and undertake a commitment for financial assistance to a family of limited income for certain purposes; requiring the Secretary of Housing and Community Development to determine the terms and qualifications of the financial assistance provided under this Act; and generally relating to financial assistance awarded by the Community Development Administration to families of limited income.

BY repealing and reenacting, with amendments,
Article – Housing and Community Development
Section 4–206 and 4–235
Annotated Code of Maryland
(2006 Volume and 2012 Supplement)

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

Article – Housing and Community Development

4–206.

(a) Except as provided in subsection (b) of this section, a grant of land or money may be made only to a political subdivision, a local development entity, a local development agency, or a nonprofit organization.

(b) (1) This section does not apply to grants that may be awarded to the Administration under federal law.

(2) The Administration may award grants to home buyers for settlement expenses as provided by the Department under this title.

(3) THE ADMINISTRATION MAY AWARD GRANTS UNDER § ~~4–235(B)(2)~~ 4–235(B)(1)(II) OF THIS SUBTITLE.

4–235.

(a) (1) In this section the following words have the meanings indicated.

(2) “Mortgage loan” includes a loan to:

(i) finance or refinance the purchase of stock or membership in a cooperative ownership housing corporation; or

(ii) rehabilitate units in a cooperative ownership housing corporation.

(3) “Reverse equity mortgage loan” includes a loan that uses the equity in a home as collateral.

(b) (1) The Administration may make, participate in making, and undertake a commitment for:

(I) a residential mortgage loan to a family of limited income:

[(1)] 1. for a family that has a disabled family member who will reside in the dwelling;

[(2)] 2. for an emergency housing need as determined by the Secretary;

[(3)] 3. for settlement and down payment costs; or

[(4)] 4. that is made in conjunction with a loan funded with State appropriated funds if the State appropriated funded loan comprises at least 20% of the total amount loaned[.]; AND

(II) FINANCIAL ASSISTANCE TO A FAMILY OF LIMITED INCOME:

1. FOR MAINTAINING OR MODIFYING THEIR EXISTING RESIDENTIAL MORTGAGE LOAN; OR

2. THAT IS MADE IN CONJUNCTION WITH A NEW RESIDENTIAL MORTGAGE LOAN TO ENABLE A HOMEOWNER TO REFINANCE AN EXISTING RESIDENTIAL MORTGAGE LOAN.

(2) THE SECRETARY SHALL DETERMINE THE TERMS AND QUALIFICATIONS FOR FINANCIAL ASSISTANCE UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION.

(c) (1) In accordance with § 4-213 of this subtitle, the Administration may make, participate in making, purchase, and undertake a commitment for:

(i) a mortgage loan or other financial assistance secured by a mortgage lien for a community development project or public purpose project; and

(ii) a reverse equity mortgage loan secured by a mortgage lien that is for housing related expenses of an elderly household that qualifies as a family of limited income.

(2) Financial assistance to purchase a dwelling unit in a community development project or public purpose project under paragraph (1)(i) of this subsection may include a temporary loan or advance and a permanent direct mortgage loan to a family of limited income, if otherwise required by law.

(3) Housing related expenses under paragraph (1)(ii) of this subsection include personal expenses that enable the owner to continue to occupy the owner's home.

(d) (1) A commitment, mortgage, bond, or secured note shall contain terms and conditions necessary to secure repayment of its loan, the interest on it, and other charges in connection with the loan.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, a mortgage loan for a community development project or a public purpose project and a reverse equity mortgage loan may bear interest at a rate or rates that the Administration finds will make the project economically feasible.

(ii) The Administration may not increase the interest rate originally charged on a permanent direct mortgage loan to a family for the purchase of a dwelling unit in a community development project or a public purpose project.

(3) Subject to any agreement with noteholders or bondholders, the Administration may consent to the modification of the interest rate, time of payment of any installment of principal or interest, security, or any other term, of a mortgage, mortgage loan, reverse equity mortgage loan, mortgage loan commitment, or reverse equity mortgage loan commitment, contract, or agreement to which the Administration is a party.

(e) In connection with property on which it holds a mortgage loan or reverse equity mortgage loan:

(1) the Administration may:

(i) foreclose on the property or begin an action to protect or enforce a right that is conferred on the Administration by law, a mortgage contract, or other agreement;

(ii) bid for and purchase the property at a foreclosure or other sale; or

(iii) acquire or take possession of the property; and

(2) in a manner to protect the interests of the Administration, the Administration may:

(i) complete, administer, and pay the principal of and interest on an obligation incurred in connection with the property;

(ii) dispose of the property; and

(iii) otherwise deal with the property.

(f) (1) This subsection does not apply to a lien held in connection with a public purpose project.

(2) The Administration may not lend money on the security of property unless the lien on the property is superior to all other liens, except for:

(i) liens for taxes owed to the State or a political subdivision; or

(ii) earlier mortgage liens.

(g) The Administration may:

(1) sell any mortgage or other obligation that it holds, at public or private sale, with or without public bidding; and

(2) retain the servicing rights and charge servicing fees for any mortgage or other obligation the Administration sells.

(h) The Administration may purchase securities backed by mortgages to provide financial assistance to community development projects and public purpose projects and to finance residential mortgage loans with the proceeds of the securities or with investment earnings on the securities.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013.

Approved by the Governor, April 9, 2013.