

SENATE BILL 381

C8, F2

6lr0164
CF 6lr0172

By: **The President (By Request – Administration) and Senators Bates, Brochin, Cassilly, Eckardt, Edwards, Hershey, Jennings, Mathias, Muse, Norman, Reilly, Rosapepe, Salling, Serafini, Simonaire, and Waugh**

Introduced and read first time: January 28, 2016

Assigned to: Education, Health, and Environmental Affairs and Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Housing and Community Development – Community Development**
3 **Administration – Student and Residential Mortgage Loans**

4 FOR the purpose of authorizing the Community Development Administration in the
5 Department of Housing and Community Development to provide financial assistance
6 to homeowners under certain circumstances; authorizing the Administration to
7 provide financial assistance to purchase a home and pay off student loan debts under
8 certain circumstances; requiring the Secretary of Housing and Community
9 Development to determine the terms and qualifications of certain financial
10 assistance to homeowners; authorizing the Administration to purchase from a
11 mortgage lender a note or mortgage that evidences a residential mortgage loan for
12 the purchase of a homeowner's primary residence and pay off student loan debt of
13 the homeowner under certain circumstances; authorizing the Secretary to waive the
14 requirements for a certain mortgage lender's certificate under certain circumstances;
15 and generally relating to the Community Development Administration and
16 residential mortgage loans.

17 BY repealing and reenacting, with amendments,
18 Article – Housing and Community Development
19 Section 4–235(b), 4–237(a), 4–238(a)(1), and 4–240
20 Annotated Code of Maryland
21 (2006 Volume and 2015 Supplement)

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

24 **Article – Housing and Community Development**

25 4–235.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

4 1. for a family that has a disabled family member who will
5 reside in the dwelling;

6 2. for an emergency housing need as determined by the
7 Secretary;

8 3. for settlement and down payment costs; or

9 4. that is made in conjunction with a loan funded with State
10 appropriated funds if the State appropriated funded loan comprises at least 20% of the total
11 amount loaned;

12 (ii) financial assistance to a family of limited income:

13 1. for maintaining or modifying their existing residential
14 mortgage loan; or

15 2. that is made in conjunction with a new residential
16 mortgage loan to enable a homeowner to refinance an existing residential mortgage loan;
17 [and]

18 (iii) the refinancing of a residential mortgage loan of a homeowner if
19 the loan was made by the Department or Administration; AND

20 (IV) FINANCIAL ASSISTANCE TO A HOMEOWNER FOR:

21 1. PURCHASING THE HOMEOWNER'S PRIMARY
22 RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT;
23 OR

24 2. MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT
25 LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY
26 RESIDENCE.

27 (2) The Secretary shall determine the terms and qualifications for financial
28 assistance under paragraph [(1)(ii) and (iii)] (1) of this subsection.

29 4-237.

30 (a) The Administration may:

1 (1) purchase or commit to purchase, from a mortgage lender that is eligible
2 under § 4-236 of this subtitle, a note, mortgage, or partial interest in a note or mortgage
3 that evidences:

4 (i) a residential mortgage loan to a family of limited income;

5 (ii) a mortgage loan to a sponsor of a community development project
6 or a public purpose project;

7 (iii) a residential mortgage loan to a homeowner for the purchase or
8 rehabilitation of the homeowner's primary residence if the primary residence is located in
9 a sustainable community; [or]

10 (iv) a residential mortgage loan for the refinancing of a residential
11 mortgage loan made by the Department or Administration; **OR**

12 **(V) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER FOR:**

13 **1. PURCHASING THE HOMEOWNER'S PRIMARY**
14 **RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT;**
15 **OR**

16 **2. MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT**
17 **LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY**
18 **RESIDENCE;**

19 (2) make a loan to an eligible mortgage lender in accordance with this
20 subtitle;

21 (3) finance, with proceeds of its revenue bonds or notes, all or part of a
22 mortgage purchase program or a loan to a mortgage lenders program; and

23 (4) take any action necessary or convenient to carry out this subsection,
24 including:

25 (i) settling or compromising an obligation or debt to the
26 Administration, subject to any agreement with bondholders;

27 (ii) acquiring an interest in real or personal property by gift,
28 purchase, foreclosure, or otherwise, and selling or otherwise disposing of the property;

29 (iii) obtaining insurance against loss in connection with its property
30 and other assets, including mortgage loans, in the amount and from the insurer that the
31 Administration considers desirable;

1 (iv) contracting for servicing of a mortgage loan or an interest in a
2 mortgage loan that the Administration holds or takes as collateral; and

3 (v) making a contract or commitment that relates to the exercise of
4 any of the powers listed in this subsection.

5 4-238.

6 (a) (1) New mortgage loans that the Administration purchases shall be loans
7 to:

8 (i) families of limited income;

9 (ii) sponsors of community development projects; or

10 (iii) homeowners:

11 1. with primary residences located in sustainable
12 communities; [or]

13 2. who refinance a residential mortgage loan made by the
14 Department or Administration; **OR**

15 **3. WHO USE THE LOAN PROCEEDS TO:**

16 **A. PURCHASE THE HOMEOWNER'S PRIMARY RESIDENCE**
17 **AND MAKE PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT; OR**

18 **B. MAKE PAYMENTS ON THE HOMEOWNER'S STUDENT**
19 **LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY**
20 **RESIDENCE.**

21 4-240.

22 (a) Except as provided in subsection (c) of this section, a mortgage lender shall
23 make a certificate under this section for every residential mortgage loan that the lender
24 makes under a purchase commitment by the Administration with:

25 (1) the proceeds of purchase of a mortgage loan by the Administration; or

26 (2) the proceeds of a loan from the Administration.

27 (b) The certificate shall state that in the mortgage lender's opinion, based on
28 information given by the mortgagor and on the lender's knowledge of the prevailing terms
29 and standards of mortgage lending in the area, the mortgagor could not get a mortgage
30 loan on the property in the unassisted private lending market.

1 (c) The Secretary may waive the requirement for the mortgage lender's certificate
2 for a residential mortgage loan to a homeowner:

3 (1) if the homeowner's primary residence is located in a sustainable
4 community, for the purchase or rehabilitation of the homeowner's primary residence; [or]

5 (2) for the refinancing of a residential mortgage loan of the homeowner if
6 the loan was made by the Department or Administration; OR

7 **(3) FOR THE PURCHASE OF THE HOMEOWNER'S PRIMARY RESIDENCE**
8 **AND MAKING PAYMENTS ON THE HOMEOWNER'S LOAN DEBT.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2016.