

HOUSE BILL 137

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C8

1999 Regular Session
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By: **Chairman, Economic Matters Committee (Departmental - Housing and
Community Dev.)**

Introduced and read first time: January 27, 1999

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 24, 1999

CHAPTER _____

1 AN ACT concerning

2 **Department of Housing and Community Development - Community**
3 **Development Administration - Community Development Projects**

4 FOR the purpose of providing that a requirement that occupants of housing provided
5 under certain community development projects have limited incomes does not
6 apply to certain projects in certain neighborhood revitalization areas; and
7 generally relating to the Community Development Administration and the
8 Department of Housing and Community Development.

9 BY repealing and reenacting, without amendments,
10 Article 83B - Department of Housing and Community Development
11 Section 2-203(a)
12 Annotated Code of Maryland
13 (1998 Replacement Volume)

14 BY repealing and reenacting, with amendments,
15 Article 83B - Department of Housing and Community Development
16 Section 2-203(f) and 2-204(13)
17 Annotated Code of Maryland
18 (1998 Replacement Volume)

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

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

2 2-203.

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

4 (f) (1) "Community development project" means any undertaking or project,
5 or portion thereof, including lands, buildings and improvements, real, mixed and
6 personal properties or interest therein that is planned, acquired, owned, developed,
7 constructed, reconstructed, rehabilitated, repaired, renovated, or improved for the
8 purposes of promoting sound community development. [A] EXCEPT AS PROVIDED IN
9 PARAGRAPH (2) OF THIS SUBSECTION, A community development project:

10 [(1)] (I) Shall provide for existing or new housing which is or which will
11 be occupied:

12 [(i)] 1. In substantial part by families of limited incomes; or

13 [(ii)] 2. In the event such a project is financed with taxable bonds,
14 at least 20 percent shall be for families of limited incomes; and

15 [(2)] (II) Shall provide such improvements as streets, roads, sewer and
16 water lines, and such other public or private facilities intended for commercial,
17 educational, cultural, recreational, community or other civic purpose, as may be
18 needed to support such new or existing housing. However, if such other public or
19 private facilities are not needed to support such new or existing housing, they may be
20 included in a community development project if they comprise less than a substantial
21 part of such community development project, unless it is determined by the Secretary
22 that sound community development is promoted by including a greater proportion of
23 public or private facilities.

24 (2) THE INCOME LIMIT REQUIREMENTS OF PARAGRAPH (1)(I) OF THIS
25 SUBSECTION DO NOT APPLY TO A COMMUNITY DEVELOPMENT PROJECT THAT IS
26 LOCATED IN A NEIGHBORHOOD DESIGNATED UNDER § 4-203 OF THIS ARTICLE, AND
27 THAT PROVIDES FINANCIAL ASSISTANCE FOR EMPLOYEES TO PURCHASE HOMES
28 NEAR THEIR PLACE OF EMPLOYMENT.

29 2-204.

30 The Administration shall have the following functions and responsibilities:

31 (13) (i) In accordance with the provisions of § 2-205 of this subtitle:

32 1. Make, purchase, and participate in making:

33 A. Mortgage loans or otherwise provide financial assistance
34 for any community development project or public purpose project, secured by a
35 mortgage lien, including temporary loans or advances and permanent direct mortgage
36 loans to families of limited incomes, IF OTHERWISE REQUIRED BY LAW, for the

1 purchase of dwelling units in a community development project or public purpose
2 project; and

3 B. Reverse equity mortgage loans for elderly families of
4 limited income that are secured by a mortgage lien for housing related expenses,
5 including personal expenses which enable the owner to continue to occupy the owner's
6 home; and

7 2. Undertake commitments therefor.

8 (ii) In this section:

9 1. "Mortgage loans" includes loans to finance or refinance
10 purchases of stock or membership or to rehabilitate units in a cooperative ownership
11 housing corporation; and

12 2. "Reverse equity mortgage loans" includes loans that use
13 the equity in a home as collateral.

14 (iii) Any commitment, mortgage or bonds or notes secured shall
15 contain terms and conditions necessary to secure repayment of its loan, the interest
16 thereon and other charges in connection with the loan. Mortgage loans for a
17 community development project or a public purpose project and reverse equity
18 mortgage loans may bear interest at any rate or rates which the Administration
19 determines will make such projects economically feasible, except that the
20 Administration may not increase the rate of interest originally charged on a
21 permanent direct mortgage loan to a family for the purchase of a dwelling unit in a
22 community development project or public purpose project. Subject to the provisions of
23 any contract with noteholders or bondholders, consent to the modification, with
24 respect to rate of interest, time of payments of any installment of principal or interest,
25 security, or any other term, of any mortgage, mortgage loan, reverse equity mortgage
26 loan, mortgage loan commitment, or reverse equity mortgage loan commitment,
27 contract, or agreement of any kind to which the Administration is a party. In
28 connection with any property on which it holds a mortgage loan or reverse equity
29 mortgage loan, the Administration may foreclose on the property or commence any
30 action to protect or enforce any right conferred upon it by any law, mortgage contract
31 or other agreement, and bid for and purchase the property at any foreclosure or at any
32 other sale, or acquire or take possession of the property; and in any event the
33 Administration may complete, administer, pay the principal of and interest on any
34 obligations incurred in connection with the property, dispose of, and otherwise deal
35 with the property, in a manner as may be necessary or desirable to protect the
36 interests of the Administration. Except for liens held in connection with public
37 purpose projects, any lien held by the Administration on property shall be a lien
38 superior to all other liens on the property except liens for taxes owed to the State or
39 any subdivision thereof and earlier mortgage liens. The Administration may sell any
40 mortgage or other obligation held by it, at public or private sale, with or without
41 public bidding. The Administration may purchase securities backed by mortgage
42 loans in order to provide financial assistance, with the proceeds of such

1 mortgage-backed securities or with investment earnings on such securities, to
2 community development projects and public purpose projects.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect July 1, 1999.