

BY: Appropriations Committee

AMENDMENTS TO HOUSE BILL NO. 1106

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, before “Homeownership” insert “Maryland Home Financing Program -”; in the same line, strike “Program”; strike beginning with “requiring” in line 3 down through “Program” in line 13 and substitute “providing preferred interest rate loans to certain individuals with disabilities under the Maryland Home Financing Program; establishing certain requirements to be met by an applicant; authorizing the Department of Housing and Community Development to increase the interest rate for loans under certain circumstances; authorizing the Department to sell certain mortgage loans to certain entities under certain circumstances; requiring the Department to allocate from its annual appropriation for certain fiscal years a certain amount for certain purposes; clarifying certain definitions and defining certain terms; providing for the termination of certain provisions of this Act; and generally relating to the Maryland Home Financing Program and the Department of Housing and Community Development”; after line 13, insert:

“BY adding to

Article 83B - Department of Housing and Community Development

Section 2-601(b-1) and 2-611(g-1)

Annotated Code of Maryland

(1998 Replacement Volume and 2000 Supplement)”;

in line 16, strike “2-101(b)” and substitute “2-601(e), 2-602, 2-605, 2-611(g), and 2-612”; and strike in their entirety lines 19 through 24, inclusive.

AMENDMENT NO. 2

On pages 2 through 6, strike in their entirety the lines beginning with line 36 on page 2 through line 23 on page 6 and substitute:

“2-601.

(Over)

(B-1) "DISABILITY" MEANS, WITH RESPECT TO AN INDIVIDUAL, A PHYSICAL OR MENTAL IMPAIRMENT THAT SUBSTANTIALLY LIMITS ONE OR MORE OF THE MAJOR LIFE ACTIVITIES OF THE INDIVIDUAL.

2-602.

The purposes of the Program are to make, purchase, and participate in making:

(1) Preferred interest rate loans for the purchase, purchase and rehabilitation, or refinancing of a primary residence by:

(i) Households of limited income who will occupy a single-unit primary residence; or

(ii) Owner-occupants of residential buildings with no more than 4 units, where all units other than the owner's will be occupied by households of limited income;

(2) Short-term construction loans to developers for the construction or rehabilitation of residential units affordable to households of limited income;

(3) Short-term loans to nonprofit sponsors, as defined in regulations adopted by the Department, for the acquisition and construction, or acquisition and rehabilitation, of residential units affordable for households of limited income to buy under a purchase or lease-purchase contract;

(4) Emergency assistance loans to households of limited income who, because of unemployment or other extraordinary hardship, are unable to make current mortgage payments on their homes and are likely to have to forfeit the title to their home; [and]

(5) Reverse equity loans to elderly households of limited income for housing related expenses and personal expenses which enable the owner to continue to occupy the owner's home; AND

(6) PREFERRED INTEREST RATE LOANS FOR THE PURCHASE, PURCHASE AND REHABILITATION, OR REFINANCING OF A PRIMARY RESIDENCE BY INDIVIDUALS WITH DISABILITIES.

2-605.

(a) To qualify for a loan under § 2-602(1)(i), (3), [or] (4), OR (6) of this subtitle, an applicant:

(1) Shall be a household of limited income;

(2) Upon closing of the loan, shall intend to reside in the home to be financed;

(3) May not own other property used as the applicant's personal residence; and

(4) In the estimation of the Program, may not have the financial resources to obtain a private conventional mortgage or qualify for other departmental loan programs.

(b) To qualify for a loan under § 2-602(1)(ii) of this subtitle, an applicant:

(1) Shall agree in writing to reside as an owner-occupant in 1 of the units of a residential building with no more than 4 units;

(2) Shall agree in writing to rent all units other than the applicant's unit to households of limited income; and

(3) In the estimation of the Program, may not have the financial resources to obtain a private conventional mortgage or qualify for other departmental loan programs.

(c) To qualify for a loan under § 2-602(2) of this subtitle, an applicant shall agree to sell or rent all residential units constructed or rehabilitated with the proceeds of the loan to households of limited income.

(D) TO QUALIFY FOR A LOAN UNDER § 2-602(6) OF THIS SUBTITLE, IN ADDITION TO THE REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION, AT LEAST ONE OF THE APPLICANTS FOR THE LOAN SHALL BE AN INDIVIDUAL WITH A DISABILITY.

2-611.

(Over)

(G-1) FOR A LOAN UNDER § 2-602(6) OF THIS SUBTITLE, WITH FULL DISCLOSURE TO THE BORROWER AT THE TIME THE LOAN IS MADE, THE DEPARTMENT MAY INCREASE THE INTEREST RATE OF THE LOAN IF THE INDIVIDUAL WITH A DISABILITY NO LONGER OWNS OR OCCUPIES THE PROPERTY.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article 83B - Department of Housing and Community Development

2-601.

(e) "Median annual family income" means a figure reported BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT as median annual family income, by State, county, or region, whichever is greater, [by] BASED ON the most current Census Bureau Report of the United States Department of Commerce.

2-611.

(g) With full disclosure to the borrower at the time the loan is made, the Department may:

(1) [make] MAKE adjustable interest rate mortgages, where any rate adjustment follows written notice to the borrower and is based on an increase or decrease in the household's income; OR

(2) INCREASE THE INTEREST RATE OF THE LOAN:

(I) IF THERE IS A TRANSFER OF THE MORTGAGED PROPERTY OR AN ASSUMPTION OF THE MORTGAGE WHETHER OR NOT ALLOWED UNDER SUBSECTION (I) OF THIS SECTION; OR

(II) IF ONE OF THE ORIGINAL BORROWERS NO LONGER OWNS OR OCCUPIES THE PROPERTY.

2-612.

The Department may:

- (1) Contract for services relating to the Program;
 - (2) Contract with private mortgage servicers to perform on behalf of the Department functions ordinarily performed by private mortgage servicers, including foreclosures and employment of counsel;
 - (3) Require payment of a nonrefundable application fee;
 - (4) Purchase, and make commitments to purchase, from mortgage lenders notes or mortgages that evidence residential mortgage loans made in conformance with the requirements of this subtitle and any regulations or Program directives, as appropriate, that govern the Program; [and]
 - (5) SELL, AND MAKE COMMITMENTS TO SELL, PROGRAM LOANS TO MORTGAGE LENDERS, FANNIE MAE, OR OTHER SIMILAR ENTITIES, IN CONFORMANCE WITH PROGRAM REGULATIONS OR DIRECTIONS, AND ANY AGREEMENTS WITH PURCHASING ENTITIES, AS APPROPRIATE; AND
- [(5)] (6) Without approval or execution by the Board of Public Works:
- (i) Assign a mortgage for value;
 - (ii) Release a mortgage;
 - (iii) Foreclose a mortgage;
 - (iv) Acquire property securing a loan in default; or
 - (v) Encumber, sell, or otherwise dispose of property acquired in connection with a loan in default.”.

(Over)

AMENDMENT NO. 3

On page 6, after line 23, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That for fiscal years 2003 and 2004, the Department of Housing and Community Development shall allocate from its annual appropriation for the Maryland Home Financing Program an amount equal to its fiscal year 2002 allocation for homeownership opportunities for individuals with disabilities.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall remain effective for a period of 3 years and, at the end of September 30, 2004, with no further action required by the General Assembly, Section 1 of this Act shall be abrogated and of no further force and effect.”; and

in line 24, strike “2.” and substitute “5.”.