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

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A BILL ENTITLED

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:

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

25 2-1001.

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

27 (b) "Settlement expenses" means money that must be paid at the time of the  
28 purchase of real estate including:

- 1 (1) Fees or premiums for title examination, title insurance, or similar  
2 expenses;
- 3 (2) Fees for preparation of a deed, settlement statement, or other  
4 documents;
- 5 (3) Payments owed at the time of settlement for property taxes or hazard  
6 insurance coverage;
- 7 (4) Escrows for future payments of taxes and hazard insurance;
- 8 (5) Fees for notarizing deeds and other documents;
- 9 (6) Appraisal fees;
- 10 (7) Fees for credit reports;
- 11 (8) Transfer and recordation taxes and fees;
- 12 (9) Fees or premiums for mortgage insurance;
- 13 (10) Loan discount points and origination fees; and
- 14 (11) Down payments.

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

- 16 (1) Who will purchase and occupy a single-unit primary residence, and  
17 whose household income does not exceed upper income limits established by the  
18 Secretary; or
- 19 (2) Who will purchase and occupy a residential building with no more  
20 than 4 units, and who agrees to rent all units other than the owner's unit to  
21 households with income which does not exceed upper income limits established by the  
22 Secretary.

23 (D) "HOMEBUYER EDUCATION OR HOUSING COUNSELING" MEANS A  
24 FACE-TO-FACE TUTORIAL OR A CLASSROOM WORKSHOP SESSION THAT INCLUDES  
25 INSTRUCTION ON PREPARING FOR HOMEOWNERSHIP, SHOPPING FOR A HOME,  
26 OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.

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

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

- 30 (1) The separation or divorce of the joint tenants; or
- 31 (2) The death of one of the joint tenants.

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

1 2-1005.

2 (b) The Department may:

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

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

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

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

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

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

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

19 2-1008.

20 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A PROGRAM  
21 LOAN RECIPIENT IS REQUIRED TO COMPLETE HOMEBUYER EDUCATION OR HOUSING  
22 COUNSELING.

23 (B) A PROGRAM LOAN RECIPIENT IS NOT REQUIRED TO COMPLETE  
24 HOMEBUYER EDUCATION OR HOUSING COUNSELING IF THE LOCAL JURISDICTION IN  
25 WHICH THE PROGRAM LOAN RECIPIENT WILL BE UTILIZING THE LOAN DOES NOT  
26 ADMINISTER A SETTLEMENT EXPENSE LOAN PROGRAM THAT REQUIRES  
27 HOMEBUYER EDUCATION OR HOUSING COUNSELING.

28 (C) IF AN INDIVIDUAL IS REQUIRED TO COMPLETE HOMEBUYER EDUCATION  
29 OR HOUSING COUNSELING, IT MUST CONFORM TO THAT OF THE LOCAL  
30 JURISDICTION'S HOMEBUYER EDUCATION OR HOUSING COUNSELING IN BOTH  
31 TIMING AND CONTENT.

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