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By: **Delegates Shriver, Carlson, and Hurson**  
Introduced and read first time: February 8, 2002  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2                           **Housing and Community Development - Maryland Home Financing**  
3                           **Program - Mortgage Sales**

4 FOR the purpose of allowing the Department of Housing and Community  
5 Development to sell loans on the secondary market; allowing the Department to  
6 transfer money to the Homeownership Programs Fund; allowing money to be  
7 placed in the Fund from the sale of mortgages; and generally relating to loans  
8 from the Department of Housing and Community Development.

9 BY repealing and reenacting, with amendments,  
10 Article 83B - Department of Housing and Community Development  
11 Section 2-612 and 2-613(a)  
12 Annotated Code of Maryland  
13 (1998 Replacement Volume and 2001 Supplement)

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

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

17 2-612.

18 The Department may:

19                   (1) Contract for services relating to the Program;

20                   (2) Contract with private mortgage servicers to perform on behalf of the  
21 Department functions ordinarily performed by private mortgage servicers, including  
22 foreclosures and employment of counsel;

23                   (3) Require payment of a nonrefundable application fee;

24                   (4) Purchase, and make commitments to purchase, from mortgage  
25 lenders notes or mortgages that evidence residential mortgage loans made in  
26 conformance with the requirements of this subtitle and any regulations or Program  
27 directives, as appropriate, that govern the Program; and

(5) 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;

(VI) SELL LOANS ON THE SECONDARY MARKET; OR

(VII) TRANSFER MONEY RECEIVED FROM THE SALE OF A LOAN UNDER ITEM (VI) OF THIS PARAGRAPH.

2-613.

(a) The Program shall be operated with moneys in the Homeownership Programs Fund, which Fund shall be a continuing, nonlapsing special fund consisting of:

(1) Moneys appropriated by the State for homeownership programs, including the Maryland Home Financing Program authorized under this subtitle and the Settlement Expense Loan Program authorized under Subtitle 10 of this title;

(2) Any moneys received from the sale of the State's general obligation bonds;

(3) Repayments or prepayments of principal and interest on loans made under the Program, or under the Homeowners' Emergency Mortgage Assistance Program, the Reverse Equity Program, or the Maryland Home Financing Program prior to July 1, 1989, or under the Settlement Expense Loan Program prior to or after July 1, 1989;

(4) All moneys credited to the Reverse Equity Program or the Homeowners' Emergency Mortgage Assistance Program which moneys shall be transferred to the Homeownership Programs Fund as of July 1, 1989; and

(5) Any moneys transferred to the Fund in accordance with §§ 2-313(i), 2-505(d), 2-612, 2-708(d), 2-805(d), and 4-208(d) of this article.

SECTION 2. AND BE IT FURTHER ENACTED, That the proceeds from the sale of a mortgage that was provided under the Maryland Home Financing Program to an individual with a disability may be used only for the purposes of the Program that directly assists individuals with disabilities, and are in addition to and may not supplant money from the Homeownership Programs Fund established under Article 83B, § 2-613 of the Code that would otherwise be used for these purposes.

1       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect June 1, 2002.