
By: **Delegates Shriver, Carlson, and Hurson**
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Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
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CHAPTER _____

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~~ terms acceptable to the
6 Department; allowing the Department to transfer money to the Homeownership
7 Programs Fund; allowing money to be placed in the Fund from the sale of
8 mortgages; and generally relating to loans from the Department of Housing and
9 Community Development.

10 BY repealing and reenacting, with amendments,
11 Article 83B - Department of Housing and Community Development
12 Section 2-612 and 2-613(a)
13 Annotated Code of Maryland
14 (1998 Replacement Volume and 2001 Supplement)

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

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

18 2-612.

19 The Department may:

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

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

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

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

9 (5) Without approval or execution by the Board of Public Works:

10 (i) Assign a mortgage for value;

11 (ii) Release a mortgage;

12 (iii) Foreclose a mortgage;

13 (iv) Acquire property securing a loan in default; [or]

14 (v) Encumber, sell, or otherwise dispose of property acquired in
15 connection with a loan in default;

16 (VI) ~~SELL LOANS ON THE SECONDARY MARKET; OR TERMS~~
17 ~~ACCEPTABLE TO THE DEPARTMENT, INCLUDING SELLING LOANS AT A DISCOUNT;~~

18 (VII) ~~TRANSFER MONEY RECEIVED FROM THE SALE OF A LOAN~~
19 ~~UNDER ITEM (VI) OF THIS PARAGRAPH TO THE HOMEOWNERSHIP PROGRAMS FUND;~~
20 ~~OR~~

21 (VIII) ~~REPURCHASE OR PAY THE COSTS FOR SERVICING A LOAN THAT~~
22 ~~HAS BEEN SOLD UNDER ITEM (VI) OF THIS PARAGRAPH WITH MONEYS IN THE~~
23 ~~HOMEOWNERSHIP PROGRAMS FUND AND ON TERMS ACCEPTABLE TO THE~~
24 ~~DEPARTMENT.~~

25 2-613.

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

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

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

34 (3) Repayments or prepayments of principal and interest on loans made
35 under the Program, or under the Homeowners' Emergency Mortgage Assistance

1 Program, the Reverse Equity Program, or the Maryland Home Financing Program
2 prior to July 1, 1989, or under the Settlement Expense Loan Program prior to or after
3 July 1, 1989;

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

7 (5) Any moneys transferred to the Fund in accordance with §§ 2-313(i),
8 2-505(d), 2-612, 2-708(d), 2-805(d), and 4-208(d) of this article.

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

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