

HOUSE BILL 1284

N1

71r3132
CF SB 883

By: **Delegates McHale, Anderson, Carter, Conaway, Hammen, Harrison, Haynes, Kirk, Krysiak, McIntosh, Oaks, Robinson, Rosenberg, Stukes, and Tarrant**

Introduced and read first time: February 23, 2007

Assigned to: Rules and Executive Nominations

Re-referred to: Environmental Matters, February 26, 2007

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2007

CHAPTER _____

1 AN ACT concerning

2 **Ground Leases – Redemption – Preferred Interest Rate Loans**

3 FOR the purpose of altering the purposes of the Maryland Home Financing Program
4 to include making preferred interest rate loans for the redemption of ground
5 leases under certain circumstances; authorizing the terms of loans that are set
6 by the Department of Housing and Community Development under the
7 Program to include certain deferred payments; exempting loans made under
8 this Act from certain income limits; requiring an applicant for a loan under this
9 Act to meet certain qualifications; authorizing the Department to set a
10 maximum amount for a loan under this Act; and generally relating to preferred
11 interest rate loans for the redemption of ground leases.

12 BY repealing and reenacting, with amendments,
13 Article – Housing and Community Development
14 Section 4–804, 4–806(c), and 4–807(d)
15 Annotated Code of Maryland
16 (2006 Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to
2 Article – Housing and Community Development
3 Section 4–810(d) and 4–815(f)(4)
4 Annotated Code of Maryland
5 (2006 Volume)

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

8 **Article – Housing and Community Development**

9 4–804.

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

11 (1) preferred interest rate loans to acquire, acquire and rehabilitate
12 with or without demolition or lot consolidation, or refinance a primary residence by:

13 (i) households of limited income that will occupy single–unit
14 primary residences; or

15 (ii) owner–occupants of residential buildings with not more than
16 four units, if each unit other than the owner’s will be occupied by a household of
17 limited income;

18 (2) short–term construction loans to developers or nonprofit sponsors
19 to construct or rehabilitate dwelling units that households of limited income can
20 afford;

21 (3) short–term loans to nonprofit sponsors, as defined in Departmental
22 regulations, to acquire and construct or acquire and rehabilitate, with or without
23 demolition or lot consolidation, dwelling units that households of limited income can
24 afford to buy under a purchase or lease–purchase contract;

25 (4) emergency assistance loans to households of limited income who,
26 because of unemployment or other extraordinary hardship, cannot make current
27 mortgage payments on their homes and risk forfeiting the title to their homes; [and]

28 (5) reverse equity loans to elderly households of limited income for
29 housing related expenses or personal expenses that enable the owner to continue to
30 occupy the home;

1 **(6) PREFERRED INTEREST RATE LOANS TO HOUSEHOLDS THAT**
2 **MEET INCOME STANDARDS SET BY THE DEPARTMENT FOR THE REDEMPTION OF**
3 **GROUND LEASES ON THEIR PRINCIPAL RESIDENCE, INCLUDING THE**
4 **TRANSACTIONAL COSTS ASSOCIATED WITH THE REDEMPTION.**

5 4-806.

6 (c) (1) For each type of loan described in § 4-804 of this subtitle, the
7 Department periodically shall set:

8 (i) appropriate terms, **INCLUDING DEFERRED PAYMENTS ON**
9 **PRINCIPAL AND INTEREST**; and

10 (ii) a preferred interest rate that may be as low as 0.0% or as
11 high as is reasonable in light of the incomes of the proposed occupants.

12 (2) In setting these terms and interest rates, the Department shall
13 take into account rates available in the conventional private housing market and the
14 adjusted annual income and assets of prospective borrowers.

15 4-807.

16 (d) Except for loans made under § 4-804(4) **AND (6)** of this subtitle, the
17 upper limits on adjusted annual income established under subsection (a) of this
18 section may not exceed the median annual family income.

19 4-810.

20 **(D) TO QUALIFY FOR A LOAN UNDER § 4-804(6) OF THIS SUBTITLE, AN**
21 **APPLICANT SHALL:**

22 **(1) OWN AND OCCUPY THE HOME AS ~~THEIR~~ THE APPLICANT'S**
23 **PRINCIPAL RESIDENCE; AND**

24 **(2) MEET THE INCOME REQUIREMENTS SET BY THE**
25 **DEPARTMENT.**

26 4-815.

27 **(f) (4) FOR A PREFERRED INTEREST RATE LOAN UNDER § 4-804(6)**
28 **OF THIS SUBTITLE, THE DEPARTMENT MAY SET THE MAXIMUM AMOUNT OF THE**

1 **LOAN, INCLUDING THE MAXIMUM AMOUNT THAT MAY BE USED FOR THE**
2 **TRANSACTIONAL COSTS ASSOCIATED WITH THE REDEMPTION.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 ~~October~~ July 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.