

## **CHAPTER 292**

**(Senate Bill 883)**

AN ACT concerning

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

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

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

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

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

### **Article – Housing and Community Development**

4–804.

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

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

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

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

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

(3) short-term loans to nonprofit sponsors, as defined in Departmental regulations, to acquire and construct or acquire and rehabilitate, with or without demolition or lot consolidation, dwelling units that households of limited income can afford 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, cannot make current mortgage payments on their homes and risk forfeiting the title to their homes; [and]

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

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

4-806.

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

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

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

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

4-807.

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

4-810.

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

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

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

4-815.

**(f) (4) FOR A PREFERRED INTEREST RATE LOAN UNDER § 4-804(6) OF THIS SUBTITLE, THE DEPARTMENT MAY SET THE MAXIMUM AMOUNT OF THE LOAN, INCLUDING THE MAXIMUM AMOUNT THAT MAY BE USED FOR THE TRANSACTIONAL COSTS ASSOCIATED WITH THE REDEMPTION.**

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

**Approved by the Governor, May 8, 2007.**