

HOUSE BILL 38

C8

8lr0523

(PRE-FILED)

By: **Delegate Manno**

Requested: August 21, 2007

Introduced and read first time: January 9, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Heroes' Housing Fund of 2008**

3 FOR the purpose of establishing the Housing Program for First Responders and
4 Teachers in the Department of Housing and Community Development;
5 specifying that the purpose of the Program is to authorize the Department to
6 purchase or contract to purchase and sell or contract to sell home loans made by
7 lending institutions to first responders and teachers; specifying that the loans
8 be made at the prices and on the terms and conditions that the Department
9 determines; specifying that the Program be operated with money in the
10 Homeownership Programs Fund; authorizing the Department and lending
11 institutions to perform certain acts; requiring that home loans sales be insured
12 to a certain amount under certain circumstances; specifying the circumstances
13 under which an insured home loan is in default; authorizing the Department to
14 enter into agreements with certain persons for certain purposes; requiring the
15 Department to adopt certain regulations; defining certain terms; and generally
16 relating to home loans for first responders and teachers.

17 BY repealing and reenacting, without amendments,
18 Article – Housing and Community Development
19 Section 1–101(d)
20 Annotated Code of Maryland
21 (2006 Volume and 2007 Supplement)

22 BY adding to
23 Article – Housing and Community Development
24 Section 4–4A–01 through 4–4A–08 to be under the new subtitle “Subtitle 4A.
25 Housing Program for First Responders and Teachers”
26 Annotated Code of Maryland
27 (2006 Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Health – General
3 Section 18–213.2(a)(7) and (8)
4 Annotated Code of Maryland
5 (2005 Replacement Volume and 2007 Supplement)

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 1–101.

10 (d) “Department” means the Department of Housing and Community
11 Development.

12 **SUBTITLE 4A. HOUSING PROGRAM FOR FIRST RESPONDERS AND TEACHERS.**

13 **4–4A–01.**

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

16 (B) “FIRST RESPONDER” HAS THE MEANING STATED IN § 18–213.2(A)
17 OF THE HEALTH – GENERAL ARTICLE.

18 (C) “HOME LOAN” MEANS A LOAN MADE TO ACQUIRE, ACQUIRE AND
19 REHABILITATE WITH OR WITHOUT DEMOLITION OR LOT CONSOLIDATION, OR
20 REFINANCE A PRIMARY RESIDENCE.

21 (D) “PROGRAM” MEANS THE HOUSING PROGRAM FOR FIRST
22 RESPONDERS AND TEACHERS.

23 **4–4A–02.**

24 **THERE IS A HOUSING PROGRAM FOR FIRST RESPONDERS AND**
25 **TEACHERS IN THE DEPARTMENT.**

26 **4–4A–03.**

27 (A) THE PURPOSE OF THE PROGRAM IS TO AUTHORIZE THE
28 DEPARTMENT TO PURCHASE OR CONTRACT TO PURCHASE AND SELL OR
29 CONTRACT TO SELL HOME LOANS MADE BY LENDING INSTITUTIONS, AT THE
30 PRICES AND ON THE TERMS AND CONDITIONS THAT THE DEPARTMENT
31 DETERMINES, TO:

1 **(1) FIRST RESPONDERS; AND**

2 **(2) TEACHERS IN SCHOOLS IN THE PUBLIC ELEMENTARY AND**
3 **SECONDARY EDUCATION SYSTEMS OF THE STATE.**

4 **(B) A LENDING INSTITUTION MAY PURCHASE AND SELL HOME LOANS TO**
5 **THE DEPARTMENT IN ACCORDANCE WITH THIS SUBTITLE AND REGULATIONS**
6 **ADOPTED UNDER THIS SUBTITLE.**

7 **4-4A-04.**

8 **THE PROGRAM SHALL BE OPERATED WITH MONEY IN THE**
9 **HOMEOWNERSHIP PROGRAMS FUND.**

10 **4-4A-05.**

11 **(A) THE DEPARTMENT MAY MAKE, OR CONTRACT TO MAKE, LOANS TO**
12 **AND DEPOSITS WITH LENDING INSTITUTIONS AT INTEREST RATES, TERMS, AND**
13 **CONDITIONS THAT IT DETERMINES.**

14 **(B) A LENDING INSTITUTION MAY BORROW FUNDS AND ACCEPT**
15 **DEPOSITS FROM THE DEPARTMENT IN ACCORDANCE WITH THIS SUBTITLE AND**
16 **THE REGULATIONS OF THE DEPARTMENT.**

17 **(C) THE DEPARTMENT SHALL REQUIRE THAT ALL PROCEEDS OF ITS**
18 **LOANS TO OR DEPOSITS WITH LENDING INSTITUTIONS UNDER THE PROGRAM,**
19 **OR AN EQUIVALENT AMOUNT, SHALL BE USED BY THE LENDING INSTITUTIONS**
20 **TO MAKE HOME LOANS TO FIRST RESPONDERS AND TEACHERS IN ACCORDANCE**
21 **WITH § 4-4A-03 OF THIS SUBTITLE, SUBJECT TO TERMS AND CONDITIONS THAT**
22 **THE DEPARTMENT MAY SET.**

23 **4-4A-06.**

24 **(A) THE DEPARTMENT MAY INSURE AND REINSURE HOME LOANS MADE**
25 **BY LENDING INSTITUTIONS, SUBJECT TO THE TERMS, CONDITIONS,**
26 **LIMITATIONS, COLLATERAL AND SECURITY PROVISIONS, AND RESERVE AND**
27 **OTHER REQUIREMENTS THAT THE DEPARTMENT DETERMINES.**

28 **(B) UNLESS OTHERWISE DETERMINED BY THE DEPARTMENT, HOME**
29 **LOANS SHALL BE INSURED TO THE AMOUNT OF 100% OF THE UNPAID**
30 **PRINCIPAL AND INTEREST ON EACH LOAN.**

1 (C) AN INSURED HOME LOAN IS IN DEFAULT WHEN THE HOLDER OF THE
 2 LOAN APPLIES TO THE DEPARTMENT FOR PAYMENT OF INSURANCE ON THE
 3 LOAN STATING THAT THE LOAN IS IN DEFAULT IN ACCORDANCE WITH THE
 4 TERMS OF ANY AGREEMENT WITH RESPECT TO THE INSURANCE EXECUTED IN
 5 ACCORDANCE WITH THIS SECTION.

6 **4-4A-07.**

7 THE DEPARTMENT MAY ENTER INTO AGREEMENTS WITH ANY PERSON,
 8 LENDING INSTITUTION, OR HOLDER OF AN INSURED HOME LOAN ON TERMS
 9 THAT MAY BE AGREED ON BETWEEN THE DEPARTMENT AND THE PERSON,
 10 LENDING INSTITUTION, OR HOLDER TO:

11 (1) PROVIDE FOR THE ADMINISTRATION, APPLICATIONS, AND
 12 REPAYMENT OF THE HOME LOAN; AND

13 (2) ESTABLISH THE CONDITIONS FOR PAYMENT OF INSURANCE BY
 14 THE DEPARTMENT AND THE SERVICING, ENFORCEMENT, OR FORECLOSURE OF
 15 THE HOME LOAN.

16 **4-4A-08.**

17 (A) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE
 18 PURPOSES OF THE PROGRAM.

19 (B) THE REGULATIONS SHALL INCLUDE PROVISIONS FOR:

20 (1) STANDARDS OF ELIGIBILITY FOR FIRST RESPONDERS AND
 21 TEACHERS;

22 (2) HOME LOAN APPLICATIONS, TERMS, AND FEES; AND

23 (3) THE RECAPTURE OF MONEY FROM A BORROWER THAT DOES
 24 NOT USE A HOME LOAN IN A TIMELY MANNER.

25 **Article - Health - General**

26 18-213.2.

27 (a) (7) "First responder" means a:

28 (i) Fire fighter;

29 (ii) Emergency medical technician;

- 1 (iii) Rescue squad member;
- 2 (iv) Law enforcement officer;
- 3 (v) Correctional officer; or
- 4 (vi) Sworn member of the State Fire Marshal's office.

5 (8) "Law enforcement officer" means any individual who, in an official
6 capacity, is authorized by law to make arrests and who is a member of one of the
7 following law enforcement agencies:

- 8 (i) The Department of State Police;
- 9 (ii) The Baltimore City Police Department;
- 10 (iii) The police department, bureau, or force of any county;
- 11 (iv) The police department, bureau, or force of any incorporated
12 city or town;
- 13 (v) The office of the sheriff of any county;
- 14 (vi) The police department, bureau, or force of any bicounty
15 agency or constituent institution of the University System of Maryland, Morgan State
16 University, St. Mary's College, or of any institution under the jurisdiction of the
17 Maryland Higher Education Commission;
- 18 (vii) The Maryland Aviation Administration police force of the
19 Department of Transportation, the Maryland Transit Administration police force of
20 the Department of Transportation, the Maryland Transportation Authority police
21 force, and the Maryland Port Administration police force of the Department of
22 Transportation;
- 23 (viii) The law enforcement officers of the Department of Natural
24 Resources;
- 25 (ix) The Field Enforcement Bureau of the Comptroller's Office;
26 or
- 27 (x) The Internal Investigative Unit of the Department of Public
28 Safety and Correctional Services.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2008.