

SENATE BILL 60

C8

3lr0006

(PRE-FILED)

By: **Chair, Education, Health, and Environmental Affairs Committee (By Request – Departmental – Housing and Community Development)**

Requested: November 15, 2012

Introduced and read first time: January 9, 2013

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: January 22, 2013

CHAPTER _____

1 AN ACT concerning

2 **Community Development Administration – Residential Mortgage Loans –**
3 **Financial Assistance for Families of Limited Income**

4 FOR the purpose of authorizing the Community Development Administration in the
5 Department of Housing and Community Development to award certain grants;
6 authorizing the Administration to make, participate in making, and undertake
7 a commitment for financial assistance to a family of limited income for certain
8 purposes; requiring the Secretary of Housing and Community Development to
9 determine the terms and qualifications of the financial assistance provided
10 under this Act; and generally relating to financial assistance awarded by the
11 Community Development Administration to families of limited income.

12 BY repealing and reenacting, with amendments,
13 Article – Housing and Community Development
14 Section 4–206 and 4–235
15 Annotated Code of Maryland
16 (2006 Volume and 2012 Supplement)

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

19 **Article – Housing and Community Development**

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 4-206.

2 (a) Except as provided in subsection (b) of this section, a grant of land or
3 money may be made only to a political subdivision, a local development entity, a local
4 development agency, or a nonprofit organization.

5 (b) (1) This section does not apply to grants that may be awarded to the
6 Administration under federal law.

7 (2) The Administration may award grants to home buyers for
8 settlement expenses as provided by the Department under this title.

9 **(3) THE ADMINISTRATION MAY AWARD GRANTS UNDER §**
10 **~~4-235(B)(2)~~ 4-235(B)(1)(II) OF THIS SUBTITLE.**

11 4-235.

12 (a) (1) In this section the following words have the meanings indicated.

13 (2) "Mortgage loan" includes a loan to:

14 (i) finance or refinance the purchase of stock or membership in
15 a cooperative ownership housing corporation; or

16 (ii) rehabilitate units in a cooperative ownership housing
17 corporation.

18 (3) "Reverse equity mortgage loan" includes a loan that uses the
19 equity in a home as collateral.

20 (b) **(1)** The Administration may make, participate in making, and
21 undertake a commitment for:

22 **(I)** a residential mortgage loan to a family of limited income:

23 **[(1)] 1.** for a family that has a disabled family member who
24 will reside in the dwelling;

25 **[(2)] 2.** for an emergency housing need as determined by the
26 Secretary;

27 **[(3)] 3.** for settlement and down payment costs; or

28 **[(4)] 4.** that is made in conjunction with a loan funded with
29 State appropriated funds if the State appropriated funded loan comprises at least 20%
30 of the total amount loaned[.]; **AND**

1 **(II) FINANCIAL ASSISTANCE TO A FAMILY OF LIMITED**
2 **INCOME:**

3 **1. FOR MAINTAINING OR MODIFYING THEIR**
4 **EXISTING RESIDENTIAL MORTGAGE LOAN; OR**

5 **2. THAT IS MADE IN CONJUNCTION WITH A NEW**
6 **RESIDENTIAL MORTGAGE LOAN TO ENABLE A HOMEOWNER TO REFINANCE AN**
7 **EXISTING RESIDENTIAL MORTGAGE LOAN.**

8 **(2) THE SECRETARY SHALL DETERMINE THE TERMS AND**
9 **QUALIFICATIONS FOR FINANCIAL ASSISTANCE UNDER PARAGRAPH (1)(II) OF**
10 **THIS SUBSECTION.**

11 (c) (1) In accordance with § 4–213 of this subtitle, the Administration
12 may make, participate in making, purchase, and undertake a commitment for:

13 (i) a mortgage loan or other financial assistance secured by a
14 mortgage lien for a community development project or public purpose project; and

15 (ii) a reverse equity mortgage loan secured by a mortgage lien
16 that is for housing related expenses of an elderly household that qualifies as a family
17 of limited income.

18 (2) Financial assistance to purchase a dwelling unit in a community
19 development project or public purpose project under paragraph (1)(i) of this subsection
20 may include a temporary loan or advance and a permanent direct mortgage loan to a
21 family of limited income, if otherwise required by law.

22 (3) Housing related expenses under paragraph (1)(ii) of this subsection
23 include personal expenses that enable the owner to continue to occupy the owner's
24 home.

25 (d) (1) A commitment, mortgage, bond, or secured note shall contain
26 terms and conditions necessary to secure repayment of its loan, the interest on it, and
27 other charges in connection with the loan.

28 (2) (i) Except as provided in subparagraph (ii) of this paragraph, a
29 mortgage loan for a community development project or a public purpose project and a
30 reverse equity mortgage loan may bear interest at a rate or rates that the
31 Administration finds will make the project economically feasible.

32 (ii) The Administration may not increase the interest rate
33 originally charged on a permanent direct mortgage loan to a family for the purchase of
34 a dwelling unit in a community development project or a public purpose project.

1 (3) Subject to any agreement with noteholders or bondholders, the
2 Administration may consent to the modification of the interest rate, time of payment
3 of any installment of principal or interest, security, or any other term, of a mortgage,
4 mortgage loan, reverse equity mortgage loan, mortgage loan commitment, or reverse
5 equity mortgage loan commitment, contract, or agreement to which the
6 Administration is a party.

7 (e) In connection with property on which it holds a mortgage loan or reverse
8 equity mortgage loan:

9 (1) the Administration may:

10 (i) foreclose on the property or begin an action to protect or
11 enforce a right that is conferred on the Administration by law, a mortgage contract, or
12 other agreement;

13 (ii) bid for and purchase the property at a foreclosure or other
14 sale; or

15 (iii) acquire or take possession of the property; and

16 (2) in a manner to protect the interests of the Administration, the
17 Administration may:

18 (i) complete, administer, and pay the principal of and interest
19 on an obligation incurred in connection with the property;

20 (ii) dispose of the property; and

21 (iii) otherwise deal with the property.

22 (f) (1) This subsection does not apply to a lien held in connection with a
23 public purpose project.

24 (2) The Administration may not lend money on the security of
25 property unless the lien on the property is superior to all other liens, except for:

26 (i) liens for taxes owed to the State or a political subdivision; or

27 (ii) earlier mortgage liens.

28 (g) The Administration may:

29 (1) sell any mortgage or other obligation that it holds, at public or
30 private sale, with or without public bidding; and

1 (2) retain the servicing rights and charge servicing fees for any
2 mortgage or other obligation the Administration sells.

3 (h) The Administration may purchase securities backed by mortgages to
4 provide financial assistance to community development projects and public purpose
5 projects and to finance residential mortgage loans with the proceeds of the securities
6 or with investment earnings on the securities.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2013.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.