

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

A BILL ENTITLED

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**

20 4–206.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

5 **(3) THE ADMINISTRATION MAY AWARD GRANTS UNDER §**
6 **4-235(B)(2) OF THIS SUBTITLE.**

7 4-235.

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

9 (2) “Mortgage loan” includes a loan to:

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

12 (ii) rehabilitate units in a cooperative ownership housing
13 corporation.

14 (3) “Reverse equity mortgage loan” includes a loan that uses the
15 equity in a home as collateral.

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

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

19 **[(1)]** **1.** for a family that has a disabled family member who
20 will reside in the dwelling;

21 **[(2)]** **2.** for an emergency housing need as determined by the
22 Secretary;

23 **[(3)]** **3.** for settlement and down payment costs; or

24 **[(4)]** **4.** that is made in conjunction with a loan funded with
25 State appropriated funds if the State appropriated funded loan comprises at least 20%
26 of the total amount loaned[.]; AND

27 **(II) FINANCIAL ASSISTANCE TO A FAMILY OF LIMITED**
28 **INCOME:**

29 **1. FOR MAINTAINING OR MODIFYING THEIR**
30 **EXISTING RESIDENTIAL MORTGAGE LOAN; OR**

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

4 **(2) THE SECRETARY SHALL DETERMINE THE TERMS AND**
5 **QUALIFICATIONS FOR FINANCIAL ASSISTANCE UNDER PARAGRAPH (1)(II) OF**
6 **THIS SUBSECTION.**

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

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

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

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

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

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

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

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

31 (3) Subject to any agreement with noteholders or bondholders, the
32 Administration may consent to the modification of the interest rate, time of payment
33 of any installment of principal or interest, security, or any other term, of a mortgage,
34 mortgage loan, reverse equity mortgage loan, mortgage loan commitment, or reverse

1 equity mortgage loan commitment, contract, or agreement to which the
2 Administration is a party.

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

5 (1) the Administration may:

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

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

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

12 (2) in a manner to protect the interests of the Administration, the
13 Administration may:

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

16 (ii) dispose of the property; and

17 (iii) otherwise deal with the property.

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

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

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

23 (ii) earlier mortgage liens.

24 (g) The Administration may:

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

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

29 (h) The Administration may purchase securities backed by mortgages to
30 provide financial assistance to community development projects and public purpose

1 projects and to finance residential mortgage loans with the proceeds of the securities
2 or with investment earnings on the securities.

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