

HOUSE BILL 553

C8

4lr0115

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

Introduced and read first time: January 29, 2014

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Housing – Energy–Efficient Homes Construction Loan Program**

3 FOR the purpose of establishing the Energy–Efficient Homes Construction Loan
4 Program; establishing the purpose of the Program; requiring and authorizing
5 the Department of Housing and Community Development to perform certain
6 duties; specifying the uses of a loan under the Program; setting certain
7 requirements for a mortgage lien that secures a certain loan; requiring an
8 applicant for a certain loan to submit certain documentation and information;
9 prohibiting certain actions in connection with the Program; establishing certain
10 penalties; establishing the Energy–Efficient Homes Construction Fund as a
11 special, nonlapsing fund; requiring the Department to administer the Fund;
12 requiring the State Treasurer to hold the Fund and the Comptroller to account
13 for the Fund; specifying the contents of the Fund; specifying the purpose for
14 which the Fund may be used; providing for the investment of money in the
15 Fund; requiring the Department to adopt certain regulations; defining certain
16 terms; and generally relating to construction financing for energy–efficient
17 homes.

18 BY adding to

19 Article – Housing and Community Development
20 Section 4–2001 through 4–2006 to be under the new subtitle “Subtitle 20.
21 Energy–Efficient Homes Construction Loan Program”
22 Annotated Code of Maryland
23 (2009 Replacement Volume and 2013 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – State Finance and Procurement
26 Section 6–226(a)(2)(ii)76. and 77.
27 Annotated Code of Maryland
28 (2009 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – State Finance and Procurement
3 Section 6–226(a)(2)(ii)78.
4 Annotated Code of Maryland
5 (2009 Replacement Volume and 2013 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 **SUBTITLE 20. ENERGY–EFFICIENT HOMES CONSTRUCTION LOAN PROGRAM.**

10 **4–2001.**

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) “FUND” MEANS THE ENERGY–EFFICIENT HOMES CONSTRUCTION
14 FUND.

15 (C) “LOW–ENERGY HOME” MEANS A HOME THAT IS DESIGNED TO BE AT
16 LEAST 60% MORE ENERGY EFFICIENT THAN A HOME BUILT TO APPLICABLE
17 BUILDING CODE STANDARDS IN EFFECT BEFORE JULY 1, 2014.

18 (D) “NET–ZERO HOME” MEANS A HOME THAT IS DESIGNED TO PRODUCE
19 AN AMOUNT OF ENERGY IN 1 YEAR THAT IS EQUAL TO THE AMOUNT OF ENERGY
20 THAT THE HOME USES IN 1 YEAR.

21 (E) “PROGRAM” MEANS THE ENERGY–EFFICIENT HOMES
22 CONSTRUCTION LOAN PROGRAM.

23 (F) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN § 6–201
24 OF THIS ARTICLE.

25 **4–2002.**

26 (A) THERE IS AN ENERGY–EFFICIENT HOMES CONSTRUCTION LOAN
27 PROGRAM.

28 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE CONSTRUCTION
29 LOANS TO PERSONS TO CONSTRUCT LOW–ENERGY HOMES AND NET–ZERO
30 HOMES IN SUSTAINABLE COMMUNITIES.

1 **(C) THE PROGRAM SHALL BE OPERATED WITH MONEY IN THE FUND.**
2 **4-2003.**

3 **(A) THE DEPARTMENT SHALL:**

4 **(1) ADMINISTER THE PROGRAM;**

5 **(2) ATTACH TO A PROGRAM LOAN THE TERMS NEEDED TO CARRY**
6 **OUT THE PROGRAM;**

7 **(3) ESTABLISH ELIGIBILITY STANDARDS FOR PROGRAM LOANS;**

8 **(4) ESTABLISH INTEREST RATES THAT MAY BE AS LOW AS 0% OR**
9 **AS HIGH AS IS REASONABLE TO MAKE THE PROJECT VIABLE; AND**

10 **(5) ADOPT REGULATIONS TO CARRY OUT THE PROGRAM.**

11 **(B) IN SETTING THE TERMS AND INTEREST RATES FOR PROGRAM**
12 **LOANS, THE DEPARTMENT MAY:**

13 **(1) OFFER PREFERRED INTEREST RATES AND TERMS FOR LOANS**
14 **USED TO FINANCE NET-ZERO HOMES; AND**

15 **(2) ESTABLISH DIFFERENT INTEREST RATES BASED ON THE**
16 **PROJECTED ENERGY EFFICIENCY OF THE HOME TO BE CONSTRUCTED.**

17 **(C) THE DEPARTMENT MAY:**

18 **(1) CONTRACT FOR SERVICES RELATED TO THE PROGRAM;**

19 **(2) CONTRACT WITH PRIVATE MORTGAGE SERVICERS TO**
20 **PERFORM ON BEHALF OF THE DEPARTMENT FUNCTIONS THE SERVICERS**
21 **ORDINARILY PERFORM, INCLUDING FORECLOSURE AND EMPLOYMENT OF**
22 **COUNSEL;**

23 **(3) CHARGE A NONREFUNDABLE APPLICATION FEE AND OTHER**
24 **CUSTOMARY LOAN FEES;**

25 **(4) ENTER INTO AGREEMENTS WITH LENDERS OR OTHER**
26 **ENTITIES TO COLLECTIVELY LEND MONEY FOR THE CONSTRUCTION OF**
27 **NET-ZERO AND LOW-ENERGY HOMES;**

1 **(5) PURCHASE OR COMMIT TO PURCHASE FROM MORTGAGE**
2 **LENDERS NOTES OR MORTGAGES THAT MEET THE REQUIREMENTS OF THIS**
3 **SUBTITLE, ANY REGULATIONS ADOPTED UNDER THIS SUBTITLE, AND**
4 **APPROPRIATE PROGRAM DIRECTIVES;**

5 **(6) MODIFY THE INTEREST RATE, THE TIME OR AMOUNT OF**
6 **PAYMENT, OR ANY OTHER TERM OF A PROGRAM LOAN TO FACILITATE**
7 **REPAYMENT OF THE PROGRAM LOAN AND TO ACHIEVE THE PURPOSE OF THE**
8 **PROGRAM; AND**

9 **(7) WITHOUT APPROVAL OR EXECUTION BY THE BOARD OF**
10 **PUBLIC WORKS:**

11 **(I) ASSIGN A MORTGAGE FOR VALUE;**

12 **(II) RELEASE A MORTGAGE;**

13 **(III) FORECLOSE A MORTGAGE;**

14 **(IV) ACQUIRE PROPERTY THAT SECURES A LOAN IN**
15 **DEFAULT; AND**

16 **(V) ENCUMBER, SELL, OR OTHERWISE DISPOSE OF**
17 **PROPERTY ACQUIRED IN CONNECTION WITH A LOAN IN DEFAULT.**

18 **4-2004.**

19 **(A) PROCEEDS OF A PROGRAM LOAN SHALL BE USED ONLY FOR:**

20 **(1) PROPERTY ACQUISITION AND DEVELOPMENT COSTS FOR THE**
21 **CONSTRUCTION OF A NET-ZERO HOME OR LOW-ENERGY HOME IN A**
22 **SUSTAINABLE COMMUNITY; AND**

23 **(2) SETTLEMENT AND CLOSING COSTS.**

24 **(B) A PROGRAM LOAN SHALL BE SECURED BY A MORTGAGE LIEN THAT:**

25 **(1) MAY BE SUBORDINATE TO OTHER MORTGAGE LIENS; AND**

26 **(2) MAY INCLUDE TERMS, INCLUDING DEFERRED PAYMENT OF**
27 **PRINCIPAL AND INTEREST, THAT THE DEPARTMENT CONSIDERS NECESSARY TO**
28 **MAKE THE PROJECT VIABLE.**

1 **(C) TO APPLY FOR A LOAN UNDER THIS SUBTITLE, AN APPLICANT**
2 **SHALL SUBMIT:**

3 **(1) A COMPLETED APPLICATION IN A FORM THAT THE**
4 **DEPARTMENT REQUIRES;**

5 **(2) INFORMATION ON PROJECTED ENERGY USAGE, PROJECT**
6 **DESIGN, AND MARKETING DATA; AND**

7 **(3) ANY OTHER INFORMATION OR DOCUMENTATION THAT THE**
8 **DEPARTMENT CONSIDERS NECESSARY TO MAKE A DETERMINATION ON THE**
9 **LOAN.**

10 **(D) THE DEPARTMENT MAY GIVE A PREFERENCE TO AN APPLICATION**
11 **FOR:**

12 **(1) A NET-ZERO HOME; OR**

13 **(2) A PROJECT THAT INCLUDES FINANCING FROM OTHER**
14 **SOURCES IN ADDITION TO THE PROGRAM LOAN.**

15 **4-2005.**

16 **(A) (1) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE**
17 **A FALSE STATEMENT OR REPORT IN A DOCUMENT REQUIRED TO BE SUBMITTED**
18 **TO THE DEPARTMENT UNDER AN AGREEMENT RELATING TO A PROGRAM LOAN.**

19 **(2) A LOAN APPLICANT MAY NOT KNOWINGLY MAKE OR CAUSE TO**
20 **BE MADE ANY FALSE STATEMENT OR REPORT TO INFLUENCE AN ACTION OF THE**
21 **DEPARTMENT ON A PROGRAM LOAN APPLICATION OR A PROGRAM LOAN**
22 **ALREADY MADE.**

23 **(B) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A**
24 **MISDEMEANOR AND ON CONVICTION IS SUBJECT TO IMPRISONMENT NOT**
25 **EXCEEDING 5 YEARS OR A FINE NOT EXCEEDING \$50,000 OR BOTH.**

26 **4-2006.**

27 **(A) THERE IS AN ENERGY-EFFICIENT HOMES CONSTRUCTION FUND.**

28 **(B) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

