

HOUSE BILL 182

C8

5lr0847

By: **Delegates Lafferty and Rosenberg**

Introduced and read first time: January 29, 2015

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Housing – Community Development Administration – Residential Mortgage**
3 **Loans**

4 FOR the purpose of authorizing the Community Development Administration to make a
5 residential mortgage loan for the purchase or rehabilitation of a homeowner's
6 primary residence or the refinancing of a residential mortgage loan under certain
7 circumstances; requiring the Secretary of Housing and Community Development to
8 determine the terms and qualifications for certain financial assistance to a
9 homeowner under certain circumstances; authorizing the Administration to
10 purchase from a mortgage lender a note or mortgage that evidences a residential
11 mortgage loan for the purchase or rehabilitation of a homeowner's primary residence
12 or the refinancing of a residential mortgage loan under certain circumstances;
13 altering the types of new mortgage loans that the Administration is authorized to
14 purchase under certain circumstances; authorizing the Secretary to waive the
15 requirement for a certain mortgage lender's certificate under certain circumstances;
16 defining a certain term; and generally relating to the Community Development
17 Administration and residential mortgage loans.

18 BY repealing and reenacting, without amendments,
19 Article – Housing and Community Development
20 Section 4–201(a) and 6–201(l)
21 Annotated Code of Maryland
22 (2006 Volume and 2014 Supplement)

23 BY adding to
24 Article – Housing and Community Development
25 Section 4–201(u)
26 Annotated Code of Maryland
27 (2006 Volume and 2014 Supplement)

28 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Housing and Community Development
 2 Section 4–235(b), 4–237(a), 4–238(a) and 4–240
 3 Annotated Code of Maryland
 4 (2006 Volume and 2014 Supplement)

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

7 **Article – Housing and Community Development**

8 4–201.

9 (a) In this subtitle the following words have the meanings indicated.

10 (U) **“SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN § 6–201 OF**
 11 **THIS ARTICLE.**

12 4–235.

13 (b) (1) The Administration may make, participate in making, and undertake
 14 a commitment for:

15 (i) a residential mortgage loan to a family of limited income:

16 1. for a family that has a disabled family member who will
 17 reside in the dwelling;

18 2. for an emergency housing need as determined by the
 19 Secretary;

20 3. for settlement and down payment costs; or

21 4. that is made in conjunction with a loan funded with State
 22 appropriated funds if the State appropriated funded loan comprises at least 20% of the total
 23 amount loaned; [and]

24 (ii) financial assistance to a family of limited income:

25 1. for maintaining or modifying their existing residential
 26 mortgage loan; or

27 2. that is made in conjunction with a new residential
 28 mortgage loan to enable a homeowner to refinance an existing residential mortgage loan;

29 **AND**

30 **(III) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER:**

1 **1. IF THE HOMEOWNER'S PRIMARY RESIDENCE IS**
2 **LOCATED IN A SUSTAINABLE COMMUNITY, FOR THE PURCHASE OR REHABILITATION**
3 **OF THE HOMEOWNER'S PRIMARY RESIDENCE, INCLUDING FINANCING FOR DOWN**
4 **PAYMENT AND SETTLEMENT COSTS; OR**

5 **2. FOR THE REFINANCING OF A RESIDENTIAL**
6 **MORTGAGE LOAN OF THE HOMEOWNER IF THE LOAN WAS MADE BY THE**
7 **DEPARTMENT OR ADMINISTRATION.**

8 (2) The Secretary shall determine the terms and qualifications for financial
9 assistance under paragraph(1)(ii) **AND (III)** of this subsection.

10 4-237.

11 (a) The Administration may:

12 (1) purchase or commit to purchase, from a mortgage lender that is eligible
13 under § 4-236 of this subtitle, a note, mortgage, or partial interest in a note or mortgage
14 that evidences:

15 (i) a residential mortgage loan to a family of limited income; [or]

16 (ii) a mortgage loan to a sponsor of a community development project
17 or a public purpose project;

18 **(III) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER FOR**
19 **THE PURCHASE OR REHABILITATION OF THE HOMEOWNER'S PRIMARY RESIDENCE**
20 **IF THE PRIMARY RESIDENCE IS LOCATED IN A SUSTAINABLE COMMUNITY; OR**

21 **(IV) A RESIDENTIAL MORTGAGE LOAN FOR THE REFINANCING**
22 **OF A RESIDENTIAL MORTGAGE LOAN MADE BY THE DEPARTMENT OR**
23 **ADMINISTRATION;**

24 (2) make a loan to an eligible mortgage lender in accordance with this
25 subtitle;

26 (3) finance, with proceeds of its revenue bonds or notes, all or part of a
27 mortgage purchase program or a loan to a mortgage lenders program; and

28 (4) take any action necessary or convenient to carry out this subsection,
29 including:

30 (i) settling or compromising an obligation or debt to the
31 Administration, subject to any agreement with bondholders;

1 (ii) acquiring an interest in real or personal property by gift,
2 purchase, foreclosure, or otherwise, and selling or otherwise disposing of the property;

3 (iii) obtaining insurance against loss in connection with its property
4 and other assets, including mortgage loans, in the amount and from the insurer that the
5 Administration considers desirable;

6 (iv) contracting for servicing of a mortgage loan or an interest in a
7 mortgage loan that the Administration holds or takes as collateral; and

8 (v) making a contract or commitment that relates to the exercise of
9 any of the powers listed in this subsection.

10 4-238.

11 (a) (1) New mortgage loans that the Administration purchases shall be loans
12 to:

13 (I) families of limited income [or to];

14 (II) sponsors of community development projects; OR

15 (III) **HOMEOWNERS WITH PRIMARY RESIDENCES LOCATED IN**
16 **SUSTAINABLE COMMUNITIES.**

17 (2) A commitment that the Administration makes to purchase new
18 mortgage loans shall specify:

19 (i) the interest rate on loans eligible for purchase, which may not
20 exceed the prevailing interest rate on comparable mortgage loans available in the State,
21 independent of public assistance or purchase; and

22 (ii) the numbers or volumes of loans under the commitment to be
23 made in specific geographic areas.

24 (3) For any residential mortgage loans to be used to acquire homes for
25 families of limited income, the commitment shall be limited to loans of a specified amount
26 per dwelling unit, based on the current average sale price of new homes in the area, as
27 determined by the Administration.

28 4-240.

29 (a) **[A] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A**
30 mortgage lender shall make a certificate under this section for every residential mortgage
31 loan that the lender makes under a purchase commitment by the Administration with:

1 (1) the proceeds of purchase of a mortgage loan by the Administration; or

2 (2) the proceeds of a loan from the Administration.

3 (b) The certificate shall state that in the mortgage lender's opinion, based on
4 information given by the mortgagor and on the lender's knowledge of the prevailing terms
5 and standards of mortgage lending in the area, the mortgagor could not get a mortgage
6 loan on the property in the unassisted private lending market.

7 **(C) THE SECRETARY MAY WAIVE THE REQUIREMENT FOR THE MORTGAGE**
8 **LENDER'S CERTIFICATE FOR A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER:**

9 **(1) IF THE HOMEOWNER'S PRIMARY RESIDENCE IS LOCATED IN A**
10 **SUSTAINABLE COMMUNITY, FOR THE PURCHASE OR REHABILITATION OF THE**
11 **HOMEOWNER'S PRIMARY RESIDENCE; OR**

12 **(2) FOR THE REFINANCING OF A RESIDENTIAL MORTGAGE LOAN OF**
13 **THE HOMEOWNER IF THE LOAN WAS MADE BY THE DEPARTMENT OR**
14 **ADMINISTRATION.**

15 6–201.

16 (l) "Sustainable community" means the part of a priority funding area that:

17 (1) as determined by the Smart Growth Subcabinet, satisfies the
18 requirements of § 6–205 of this subtitle;

19 (2) has been designated as a BRAC Revitalization and Incentive Zone
20 under Title 5, Subtitle 13 of the Economic Development Article; or

21 (3) has been designated a transit-oriented development under § 7–101 of
22 the Transportation Article.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2015.