

SENATE BILL 381

C8, F2

6lr0164
CF HB 460

By: **The President (By Request – Administration) and Senators Bates, Brochin, Cassilly, Eckardt, Edwards, Hershey, Jennings, Mathias, Muse, Norman, Reilly, Rosapepe, Salling, Serafini, Simonaire, and Waugh**

Introduced and read first time: January 28, 2016

Assigned to: Education, Health, and Environmental Affairs and Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 19, 2016

CHAPTER _____

1 AN ACT concerning

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

4 FOR the purpose of authorizing the Community Development Administration in the
5 Department of Housing and Community Development to provide financial assistance
6 to homeowners under certain circumstances; authorizing the Administration to
7 provide financial assistance to purchase a home and pay off student loan debts under
8 certain circumstances; requiring the Secretary of Housing and Community
9 Development to determine the terms and qualifications of certain financial
10 assistance to homeowners; authorizing the Administration to purchase from a
11 mortgage lender a note or mortgage that evidences a residential mortgage loan for
12 the purchase of a homeowner's primary residence and pay off student loan debt of
13 the homeowner under certain circumstances; authorizing the Secretary to waive the
14 requirements for a certain mortgage lender's certificate under certain circumstances;
15 and generally relating to the Community Development Administration and
16 residential mortgage loans.

17 BY repealing and reenacting, with amendments,
18 Article – Housing and Community Development
19 Section 4–235(b), 4–237(a), 4–238(a)(1), and 4–240
20 Annotated Code of Maryland
21 (2006 Volume and 2015 Supplement)

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

3 **Article – Housing and Community Development**

4 4–235.

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

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

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

10 2. for an emergency housing need as determined by the
11 Secretary;

12 3. for settlement and down payment costs; or

13 4. that is made in conjunction with a loan funded with State
14 appropriated funds if the State appropriated funded loan comprises at least 20% of the total
15 amount loaned;

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

17 1. for maintaining or modifying their existing residential
18 mortgage loan; or

19 2. that is made in conjunction with a new residential
20 mortgage loan to enable a homeowner to refinance an existing residential mortgage loan;
21 [and]

22 (iii) the refinancing of a residential mortgage loan of a homeowner if
23 the loan was made by the Department or Administration; AND

24 **(IV) FINANCIAL ASSISTANCE TO A HOMEOWNER FOR:**

25 **1. PURCHASING THE HOMEOWNER’S PRIMARY**
26 **RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER’S STUDENT LOAN DEBT;**
27 **OR**

28 **2. MAKING PAYMENTS ON THE HOMEOWNER’S STUDENT**
29 **LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER’S PRIMARY**
30 **RESIDENCE.**

1 (2) The Secretary shall determine the terms and qualifications for financial
2 assistance under paragraph [(1)(ii) and (iii)] **(1)** of this subsection.

3 4–237.

4 (a) The Administration may:

5 (1) purchase or commit to purchase, from a mortgage lender that is eligible
6 under § 4–236 of this subtitle, a note, mortgage, or partial interest in a note or mortgage
7 that evidences:

8 (i) a residential mortgage loan to a family of limited income;

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

11 (iii) a residential mortgage loan to a homeowner for the purchase or
12 rehabilitation of the homeowner’s primary residence if the primary residence is located in
13 a sustainable community; [or]

14 (iv) a residential mortgage loan for the refinancing of a residential
15 mortgage loan made by the Department or Administration; **OR**

16 **(V) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER FOR:**

17 **1. PURCHASING THE HOMEOWNER’S PRIMARY**
18 **RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER’S STUDENT LOAN DEBT;**
19 **OR**

20 **2. MAKING PAYMENTS ON THE HOMEOWNER’S STUDENT**
21 **LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER’S PRIMARY**
22 **RESIDENCE;**

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

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

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

29 (i) settling or compromising an obligation or debt to the
30 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;

14 (ii) sponsors of community development projects; or

15 (iii) homeowners:

16 1. with primary residences located in sustainable
17 communities; [or]

18 2. who refinance a residential mortgage loan made by the
19 Department or Administration; OR

20 **3. WHO USE THE LOAN PROCEEDS TO:**

21 **A. PURCHASE THE HOMEOWNER'S PRIMARY RESIDENCE**
22 **AND MAKE PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT; OR**

23 **B. MAKE PAYMENTS ON THE HOMEOWNER'S STUDENT**
24 **LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY**
25 **RESIDENCE.**

26 4-240.

27 (a) Except as provided in subsection (c) of this section, a mortgage lender shall
28 make a certificate under this section for every residential mortgage loan that the lender
29 makes under a purchase commitment by the Administration with:

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

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

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

6 (c) The Secretary may waive the requirement for the mortgage lender's certificate
7 for a residential mortgage loan to a homeowner:

8 (1) if the homeowner's primary residence is located in a sustainable
9 community, for the purchase or rehabilitation of the homeowner's primary residence; [or]

10 (2) for the refinancing of a residential mortgage loan of the homeowner if
11 the loan was made by the Department or Administration; **OR**

12 **(3) FOR THE PURCHASE OF THE HOMEOWNER'S PRIMARY RESIDENCE**
13 **AND MAKING PAYMENTS ON THE HOMEOWNER'S LOAN DEBT.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.