

HOUSE BILL 460

C8, F2

6lr0172
CF SB 381

By: **The Speaker (By Request – Administration) and Delegates Adams, Arentz, Carozza, Cassilly, Ciliberti, Cluster, Fisher, Flanagan, Folden, Ghrist, Glass, Hornberger, Jacobs, Kipke, Kittleman, Long, Mautz, McComas, McConkey, McDonough, McKay, McMillan, Metzgar, Miele, Otto, Reilly, Rose, Saab, Shoemaker, Simonaire, Szeliga, Vogt, West, ~~and B. Wilson~~ B. Wilson, Beidle, Carr, Healey, Jalisi, O'Donnell, and A. Washington**

Introduced and read first time: January 29, 2016

Assigned to: Environment and Transportation and Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 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~~ make, participate
6 in making, and undertake a commitment for financial assistance ~~to homeowners~~
7 ~~under certain circumstances; authorizing the Administration to provide financial~~
8 ~~assistance to purchase a home and pay off~~ to a homeowner for purchasing a
9 homeowner's primary residence and making payments on the homeowner's student
10 loan ~~debts~~ debt under certain circumstances; requiring the Secretary of Housing and
11 Community Development to determine the terms and qualifications of certain
12 financial assistance to homeowners; authorizing the Administration to purchase or
13 commit to purchase from a mortgage lender a note or mortgage that evidences a
14 residential mortgage loan for ~~the purchase of~~ purchasing a homeowner's primary
15 residence and ~~pay off~~ making payments on student loan debt of the homeowner
16 under certain circumstances; authorizing the Secretary to waive the requirements
17 for a certain mortgage lender's certificate under certain circumstances; requiring the
18 Administration to give priority to selling residential property owned by the
19 Administration under certain circumstances; requiring the Department to report to
20 the General Assembly on or before a certain date; and generally relating to the

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 Community Development Administration and student and residential mortgage
2 loans.

3 BY repealing and reenacting, with amendments,
4 Article – Housing and Community Development
5 Section 4–235(b), 4–237(a), 4–238(a)(1), and 4–240
6 Annotated Code of Maryland
7 (2006 Volume and 2015 Supplement)

8 BY adding to
9 Article – Housing and Community Development
10 Section 4–242
11 Annotated Code of Maryland
12 (2006 Volume and 2015 Supplement)

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

15 **Article – Housing and Community Development**

16 4–235.

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

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

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

22 2. for an emergency housing need as determined by the
23 Secretary;

24 3. for settlement and down payment costs; or

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

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

29 1. for maintaining or modifying their existing residential
30 mortgage loan; or

31 2. that is made in conjunction with a new residential
32 mortgage loan to enable a homeowner to refinance an existing residential mortgage loan;
33 [and]

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

3 (IV) FINANCIAL ASSISTANCE TO A HOMEOWNER FOR:

4 1. PURCHASING THE HOMEOWNER'S PRIMARY
5 RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT;
6 OR

7 2. MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT
8 LOAN DEBT IN CONJUNCTION WITH THE HOMEOWNER OBTAINING SEPARATE
9 FINANCIAL ASSISTANCE FROM A SOURCE OTHER THAN THE ADMINISTRATION FOR
10 PURCHASING THE HOMEOWNER'S PRIMARY RESIDENCE.

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

13 4-237.

14 (a) The Administration may:

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

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

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

21 (iii) a residential mortgage loan to a homeowner for the purchase or
22 rehabilitation of the homeowner's primary residence if the primary residence is located in
23 a sustainable community; [or]

24 (iv) a residential mortgage loan for the refinancing of a residential
25 mortgage loan made by the Department or Administration; OR

26 (V) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER FOR:

27 1. PURCHASING THE HOMEOWNER'S PRIMARY
28 RESIDENCE AND MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN DEBT;
29 OR

1 **2. ~~MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT~~**
 2 **~~LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY~~**
 3 **~~RESIDENCE PURCHASING THE HOMEOWNER'S PRIMARY RESIDENCE IN~~**
 4 **CONJUNCTION WITH THE HOMEOWNER OBTAINING SEPARATE FINANCIAL**
 5 **ASSISTANCE FROM THE ADMINISTRATION FOR MAKING PAYMENTS ON THE**
 6 **HOMEOWNER'S STUDENT LOAN DEBT;**

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

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

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

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

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

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

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

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

24 4-238.

25 (a) (1) New mortgage loans that the Administration purchases shall be loans
 26 to:

27 (i) families of limited income;

28 (ii) sponsors of community development projects; or

29 (iii) homeowners:

30 1. with primary residences located in sustainable
 31 communities; [or]

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

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

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

6 **B. ~~MAKE PAYMENTS ON THE HOMEOWNER'S STUDENT~~**
7 **~~LOAN DEBT IN CONJUNCTION WITH PURCHASING THE HOMEOWNER'S PRIMARY~~**
8 **~~RESIDENCE PURCHASE THE HOMEOWNER'S PRIMARY RESIDENCE IN CONJUNCTION~~**
9 **WITH THE HOMEOWNER OBTAINING SEPARATE FINANCIAL ASSISTANCE FROM THE**
10 **ADMINISTRATION FOR MAKING PAYMENTS ON THE HOMEOWNER'S STUDENT LOAN**
11 **DEBT.**

12 4-240.

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

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

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

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

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

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

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

28 **(3) ~~FOR THE PURCHASE OF THE HOMEOWNER'S PRIMARY RESIDENCE~~**
29 **~~AND MAKING PAYMENTS ON THE HOMEOWNER'S LOAN DEBT~~ EITHER OF THE**
30 **PURPOSES SPECIFIED IN § 4-237(A)(1)(V) OF THIS SUBTITLE.**

31 4-242.

1 IN PROVIDING FINANCIAL ASSISTANCE TO A HOMEOWNER THAT INCLUDES
 2 THE PURCHASE OF THE HOMEOWNER’S PRIMARY RESIDENCE AND PAYMENTS ON
 3 THE HOMEOWNER’S STUDENT LOAN DEBT, THE ADMINISTRATION SHALL GIVE
 4 PRIORITY TO SELLING RESIDENTIAL PROPERTY THAT IS OWNED BY THE
 5 ADMINISTRATION.

6 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,
 7 2018, the Department of Housing and Community Development shall report to the General
 8 Assembly, in accordance with § 2-1246 of the State Government Article, on the
 9 implementation of this Act, including:

10 (1) information about the location and source of residential properties sold
 11 by the Department as part of any financial assistance provided under this Act; and

12 (2) recommendations for expanding the scope of the financial assistance
 13 provided under this Act.

14 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 15 July 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.