

Chapter 146

(Senate Bill 381)

AN ACT concerning

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

FOR the purpose of authorizing the Community Development Administration in the Department of Housing and Community Development to ~~provide~~ make, participate in making, and undertake a commitment for financial assistance ~~to homeowners under certain circumstances; authorizing the Administration to provide financial assistance to purchase a home and pay off~~ to a homeowner for purchasing a homeowner's primary residence and making payments on the homeowner's student loan debts debt under certain circumstances; requiring the Secretary of Housing and Community Development to determine the terms and qualifications of certain financial assistance to homeowners; authorizing the Administration to purchase or commit to purchase from a mortgage lender a note or mortgage that evidences a residential mortgage loan for ~~the purchase of~~ purchasing a homeowner's primary residence and ~~pay off~~ making payments on student loan debt of the homeowner under certain circumstances; authorizing the Secretary to waive the requirements for a certain mortgage lender's certificate under certain circumstances; requiring the Administration to give priority to selling residential property owned by the Administration under certain circumstances; requiring the Department to report to the General Assembly on or before a certain date; and generally relating to the Community Development Administration and student and residential mortgage loans.

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

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

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

Article – Housing and Community Development

4–235.

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

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

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

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

3. for settlement and down payment costs; or

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

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

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

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

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

(IV) FINANCIAL ASSISTANCE TO A HOMEOWNER FOR:

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

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

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

(a) The Administration may:

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

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

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

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

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

(v) A RESIDENTIAL MORTGAGE LOAN TO A HOMEOWNER FOR:

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

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

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

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

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

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

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

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

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

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

4-238.

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

(i) families of limited income;

(ii) sponsors of community development projects; or

(iii) homeowners:

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

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

3. WHO USE THE LOAN PROCEEDS TO:

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

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

4-240.

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

- (1) the proceeds of purchase of a mortgage loan by the Administration; or
- (2) the proceeds of a loan from the Administration.

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

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

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

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

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

4-242.

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

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

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

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

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

Approved by the Governor, April 26, 2016.