

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 41 - Governor - Executive and  
Administrative Departments

257K.

(a) The General Assembly declares that it is a subject of concern that many residents of this State are living in substandard housing and that there exists a shortage of housing at reasonable costs for various income levels. The General Assembly recognizes that adequate multiple unit and single family housing can, and should, be provided by private capital under our free enterprise system and in accordance with sound investment practices. The General Assembly finds that the flow of private investment capital into such housing can be stimulated by a system wherein qualified lending institutions may be insured against losses incurred as a result of nonpayment of principal, interest, or other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness. The General Assembly further finds that such mortgage insurance can assist State and local activity to finance housing and rehabilitation. In furtherance of such State interest, there is established a Maryland Housing Fund.

(b) The Department of Economic and Community Development shall manage and supervise the Maryland Housing Fund. The fund shall be deposited with the State Treasurer to be held in such banks as he deems proper and shall be accounted for by the State Comptroller in a special account known as the "Maryland Housing Fund." The fund shall be invested and reinvested in the same manner as other State funds. The fund shall be used to insure mortgages accepted by the Department under the provisions of this subheading.

(c) The Department, upon authorization by the mortgagee, may insure upon such terms as it may prescribe any mortgage offered which is eligible for insurance under the provisions of this section. FOR THE PURPOSES OF THIS SECTION, THE TERM "MORTGAGE" INCLUDES LOANS TO FINANCE OR REFINANCE THE PURCHASE OF STOCK OR MEMBERSHIP OR TO REHABILITATE UNITS IN A COOPERATIVE OWNERSHIP HOUSING CORPORATION. Fees shall be established for said insurance in an amount calculated to cover administrative costs for this program as well as payments made where defaults on mortgages cause insured losses to the lenders.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1979.