

can be assisted by the provision of insurance for loans made by qualified lending institutions for, or bonds or notes issued to finance, the energy conservation and solar energy projects. For the purposes of this section, the terms "energy conservation project" and "solar energy project" have the meanings stated under § 266DD-3 of Article 41. 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 funds shall be used to insure mortgages accepted by the Department under the provisions of this subheading, or to insure bonds or notes issued to finance any project that is eligible for insurance under the provisions of this section. THE FUND SHALL BE MANAGED IN A MANNER WHICH MAXIMIZES ASSISTANCE TO LOCAL JURISDICTIONS IN INSURING MORTGAGES UNDER THE PROVISIONS OF THIS SECTION.

(c) The Department may insure upon such terms as it may prescribe any mortgage offered or any bonds or notes issued which are 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, bonds or notes cause insured losses to the lenders, bondholders or noteholders. For any property acquired by the Department through foreclosure or pursuant to any other payment in settlement for a claim for loss, the department may make a mortgage loan to assist in the disposition of the property.

(d) The Department shall promulgate such standards for the eligibility of insurance as are reasonable to provide that the insurance shall aid in the financing of (1) the purchase, construction, or rehabilitation as defined in § 257L(b)(5) of Article 41, of housing; or (2) energy conservation projects and solar energy projects. These standards shall also assure that the mortgagee is responsible and able to service the mortgage properly.

(e) The Department shall promulgate such rules as are necessary to carry out the purpose of this subheading.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1983.

Approved May 31, 1983.