

WHEREAS, SMMEA provided that any person or entity could invest in certain mortgage-backed or mortgage related securities to the same extent as they are permitted under any applicable law to invest in obligations issued by or guaranteed by the United States or any of its agencies or instrumentalities, without regard to the individual characteristics of any particular mortgage-backed or mortgage related security; and

WHEREAS, Section 106 of SMMEA preempts State law and requires certain mortgage-backed or mortgage related securities to be treated as obligations of the United States for purposes of investments by various persons and entities regulated by State law, and for purposes of exemption from the registration of such securities under State law; and

WHEREAS, Most of these mortgage-backed and mortgage related securities are not guaranteed by any agency of the United States government; and

WHEREAS, Section 106 of SMMEA allows a state to avoid preemption of its law if it enacts a statute on or before October 3, 1991 either prohibiting or limiting the purchase of or requiring compliance with State law regarding the registration of certain mortgage-backed or mortgage related securities; and

WHEREAS, It is in the interest of the State of Maryland to retain the authority to designate what investments are to be treated as securities and obligations of the United States for purposes of any permitted investments, to regulate the offer and sale of mortgage-backed and mortgage related securities, and to otherwise regulate in this area; now, therefore,

**SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,** That this Act shall exempt the State of Maryland from the provisions of the Secondary Mortgage Market Enhancement Act of 1984, Public Law 98-440, pursuant to § 106 of that Act, in order to provide for a prohibition or a more limited authority under current Maryland law than under Public Law 98-440 with respect to the purchase, holding, or investment in or the registration or qualification of any mortgage related securities as defined under § 3(a)(41) of the Securities Exchange Act of 1934, 15 U.S.C. § 78C(a)(41); securities offered and sold pursuant to § 4(5) of the Securities Act of 1933, 15 U.S.C. § 77D(5); and securities issued or guaranteed by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

**SECTION 2. AND BE IT FURTHER ENACTED,** That any State agency that regulates the purchase, holding, or investment in or the registration or qualification of any mortgage related securities as defined under § 3(a)(41) of the Securities Exchange Act of 1934, 15 U.S.C. § 78C(a)(41); securities offered and sold pursuant to § 4(5) of the Securities Act of 1933, 15 U.S.C. § 77D(5); and securities issued or guaranteed by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association shall review the impact of this Act of the General Assembly on existing State statutory requirements and limitations regarding mortgage related securities and shall report to the Governor and the General Assembly on or before December 1, 1991, in accordance with § 2-1312 of the State Government Article. The House Economic Matters