

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

Legislative Session _____ 1990 _____

Bill No. _____ CB-61-1990 _____

Chapter No. _____

Proposed and Presented by Council Members Castaldi,
Casula, and Mills

Introduced by Council Members Castaldi, Casula, and Mills

Co-Sponsors _____

Date of Introduction _____ June 26, 1990 _____

BILL

AN ACT concerning

Moderately Priced Housing Assistance

FOR the purpose of establishing the Home Ownership Mortgage Equity (HOME) Program and the Home Entry Leasing Program (HELP) to provide assistance to income eligible persons with certain one-time costs associated with closing costs and security deposits.

BY adding:

SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

DIVISION 8. MODERATELY PRICED HOUSING.

Sections 13-258,

13-259,

13-260,

13-261, and

13-262,

The Prince George's County Code

(1987 Edition).

SECTION 1. BE IT ENACTED by the County Council of Prince George's County, Maryland, that Sections 13-258, 13-259, 13-260,

13-261, and 13-262 be and the same are hereby added to the Prince George's County Code to read as follows:

SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

DIVISION 8. MODERATELY PRICED HOUSING.

Sec. 13-258. Home Ownership Mortgage Equity Program.

(a) There is hereby created the Home Ownership Mortgage Equity (HOME) Program to provide assistance to eligible persons in the form of low interest deferred payment loans for the purpose of reducing the out-of-pocket expenditure for closing costs, fees and taxes.

(b) The costs of the HOME Program shall be financed with revenues from the Capturing Housing Opportunity in Communities Everywhere (CHOICE) Special Purpose Fund and special purpose taxable and tax-exempt bonds.

Sec. 13-259. HOME Program eligibility.

(a) Eligibility shall be determined by the most recently issued "State of Maryland Income Limits - Adjusted for Family Size" for the Washington D.C. Metropolitan Statistical Area or such other comparable replacement report.

(b) An eligible person shall have been a resident of the County for a period of at least six (6) months prior to applying for certification to receive a HOME Program loan.

(c) An eligible person shall be eligible to receive a HOME program loan in accordance with the following table:

<u>Percent of Median Income</u>	<u>Percent of Eligible Costs</u>
70% or less	100%
80%	95%
90%	90%
100%	85%
110%	85%

(d) The Director shall approve a schedule of maximum

reasonable closing costs, fees and taxes which are customarily and reasonably paid by the purchaser of improved residential real property at settlement, including but not limited to transfer, recordation and property taxes, prepaid insurance, inspection and survey fees, prepaid escrow fees, document preparation and recordation fees, title search and lender's title insurance, prepaid mortgage interest, loan origination fees and points and settlement fees.

Sec. 13-260. HOME Program loans.

(a) An eligible person who has been certified to receive a HOME Program low interest deferred payment loan shall execute a promissory note and deed of trust evidencing the loan. The promissory note and deed of trust shall be signed by each and all persons who have title to the secured property. The note shall be payable on a monthly basis with payments amortized on a twenty (20) year basis. Each eligible person may elect to defer the commencement of payments for any period up to one hundred twenty (120) months from the date of settlement, with interest accruing on the deferred principal balance. Payments of principal and accrued interest shall begin no later than the one hundred twenty-first (121st) month after closing.

(b) The principal balance of the HOME Program loan together with any deferred interest shall be due upon any transfer of the property secured by the deed of trust or upon the foreclosure of the first purchase money deed of trust.

(c) The Director shall establish rates of interest

periodically for the accrual of interest for deferred payments and for the repayment of HOME Program loans.

Sec. 13-261. Housing Entry Leasing Program (HELP).

(a) There is hereby created the Housing Entry Leasing Program (HELP) to provide assistance to eligible persons in the form of a security deposit guaranty for the purpose of reducing the financial barriers to renting housing.

(b) Revenues from the Capturing Housing Opportunity in Communities Everywhere (CHOICE) Special Purpose Fund shall be used to fund the HELP security deposit guaranty program. At least fifteen percent (15%) of the revenues in the CHOICE Special Purpose Fund shall be available for underwriting certificates issued to lessors pursuant to the HELP security deposit guaranty program.

Sec. 13-262. HELP Certificates of Guaranty.

(a) The Director shall be authorized to issue a certificate of guaranty, on a form approved by the Director and the County Attorney, on behalf of any eligible person which shall guaranty that the County will pay to the landlord an amount not to exceed the amount of the guaranty in the event that the eligible person is responsible for damages to the leasehold property in excess of the amount of the security deposit posted by the eligible person. The landlord shall agree that any security deposit posted by the eligible person shall be used to satisfy the landlord's claim for damages before a claim against the certificate of guaranty is made.

(b) Eligibility shall be determined by the most recently issued "State of Maryland Income Limits - Adjusted for Family Size"

for the Washington D.C. Metropolitan Statistical Area or such other comparable replacement report.

(c) An eligible person shall be eligible to receive a HELP certificate of guaranty in accordance with the following table:

<u>Percent of Median Income</u>	<u>Percent of Total Security Deposit</u>
50% or less	75%
60%	70%
70%	65%
80%	60%
90%	55%
100%	50%

(d) Each eligible person shall execute a promissory note to the County in the amount of the certificate of guaranty. In the event that the tenancy is terminated and no damages are claimed by the landlord which would result in payment of part or all of the guaranty amount, the promissory note shall be cancelled.

(e) An eligible person shall not be eligible for a certificate of guaranty for a period of two (2) years after a claim has been made for any previously issued certificate of guaranty, unless the County has been reimbursed in full for any amounts paid by the County pursuant to the claim.

(f) No certificate of guaranty shall be issued to any landlord who requires a security deposit in an amount greater than two (2) months' rent.

SECTION 2. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45) calendar days after the date it becomes law.

Adopted this _____ day of _____, 1990.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Jo Ann T. Bell
Chairman

ATTEST:

Jean M. Schmuhl, CMC
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Parris N. Glendening
County Executive

KEY:

Underscoring indicates language added to existing law.