SB238

1Q78Z3Z-1

By Senator Price

RFD: Fiscal Responsibility and Economic Development

First Read: 19-Mar-24

SYNOPSIS:

Under existing law, the Alabama Home Buyers Initiative Act created a program administered by the Alabama Housing Finance Authority to encourage new thirty-year, fixed-rate conventional mortgage loans for new home ownership. The loans are encouraged through the establishment of a Mortgage Guarantee Fund through which reimbursements are provided to investors who suffer a foreclosure loss as a result of a qualified mortgage loan. Funds in the Mortgage Guarantee Fund are appropriated from the Alabama Capital Improvement Trust Fund and other sources.

Also under existing law, other alternative housing programs have been authorized which promote home ownership in this state through the payment of mortgage insurance premiums, establishment of homeowner education programs, and other means.

This bill would provide that upon the depletion of funds appropriated from the Alabama Capital Improvement Trust Fund, any additional funds appropriated to the Mortgage Guarantee Fund shall be made available for other housing programs, including alternative housing programs.

A BILL

TO BE ENTITLED

AN ACT

Relating to the Home Buyers Initiative Act; to amend Section 24-1A-43, Code of Alabama 1975, to provide for the expenditure of certain funds appropriated to the Mortgage Guarantee Fund to be used for certain housing programs that promote home ownership, including alternative housing programs.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 24-1A-43, Code of Alabama 1975, is amended to read as follows:

"§24-1A-43

(a) There is hereby established a mortgage guarantee fund to be held in the State Treasury and to be administered by the Alabama Housing Finance Authority that will be available to reimburse foreclosure losses, if any, that arise with respect to a qualified mortgage loan under the Alabama Home Buyers Initiative. There is appropriated from the Alabama Capital Improvement Trust Fund to the guarantee fund a total of six million dollars ($6,000,000) for the fiscal year ending September 30, 2009. This appropriation shall be irrevocably deposited in the guarantee fund within ~~ten~~10 days after ~~this act~~Act 2009-284 becomes effective. Pursuant to Section VII of ~~Amendment 666 to the Constitution of Alabama 1901~~Section 219.04 of the Constitution of Alabama of 2022, the Legislature

finds that it is advisable and necessary to make this appropriation to the mortgage guarantee fund which is in excess of the amount contained in the Governor's certification of the amount of funds needed for ~~Capital Improvements~~capital improvements.

(b) A mortgage guarantee fund fee shall be paid at closing from the proceeds of each qualified mortgage loan and shall be deposited in the ~~guarantee~~ fund. All interest or investment income on funds deposited in the ~~guarantee~~ fund shall be credited to, and shall remain part of, the ~~guarantee~~ fund.

(c) The state Comptroller shall issue payment warrants from the mortgage guarantee fund only after receipt of a certification from the program administrator that identifies each qualified mortgage loan that has suffered a foreclosure loss, contains a calculation of the amount of the foreclosure loss, and provides payment instructions for each investor that suffered such foreclosure loss. Payments from the ~~guarantee~~ fund shall be deemed made first from the six million dollars ($6,000,000) appropriated to the ~~guarantee~~ fund in subsection (a), until exhausted, thereafter from interest or investment income on the ~~guarantee~~ fund, and finally from ~~guarantee fund~~ fees deposited in the ~~guarantee~~ fund.

(d) The amount of reimbursement available from the mortgage guarantee fund for each qualified mortgage loan shall not exceed ~~forty percent (40%)~~40 percent of ~~such~~the loan's foreclosure balance.

(e) Reimbursements to investors from the mortgage

guarantee fund shall be paid in the order in which certifications of foreclosure loss are received.

(f) The mortgage guarantee fund shall remain available until it is depleted. If the program administrator certifies to the State Treasurer that: (i) ~~(1)~~ all qualified mortgage loans have been paid in full before the ~~guarantee~~ fund is depleted~~,~~; or ~~(2)~~ (ii) the existing balance in the ~~guarantee~~ fund exceeds the maximum amount that is available to be withdrawn to reimburse foreclosure losses under this article, the remaining balance or excess amount in the ~~guarantee~~ fund~~, as the case may be,~~ and all future mortgage guarantee fund fees, if any, shall be made available for other housing programs identified and administered by the program administrator, including without limitation ~~guarantee~~ funds for other housing initiatives, and homeowner education.

(g) Upon the depletion of the funds appropriated from the Alabama Capital Improvement Trust Fund described in subsection (a), any additional funds that are appropriated to the mortgage guarantee fund shall be made available for other housing programs identified and administered by the program administrator as provided in this article, including alternative housing programs as provided in Section 24-1A-44."

Section 2. This act shall become effective on October 1, 2024.