

1 HB102  
2 155803-3  
3 By Representative Hill  
4 RFD: Insurance  
5 First Read: 14-JAN-14  
6 PFD: 01/10/2014



1 mortgage guarantee fund. The fund is held by the State  
2 Treasurer and administered by the Alabama Housing Finance  
3 Authority, a public corporation and instrumentality of the  
4 State of Alabama.

5 (c) It is hereby found and determined that, due to  
6 dramatic changes in the mortgage industry during the recent  
7 economic crisis, no qualified mortgage loans have been  
8 purchased by investors under the act and no such loans are  
9 reasonably expected to be purchased in the future, and as a  
10 result, none of the money appropriated by the act and  
11 deposited in the mortgage guarantee fund has been deployed for  
12 its initial purposes.

13 (d) Therefore, in accordance with the original  
14 intent of Section 24-1A-43, Code of Alabama 1975, the  
15 Legislature intends to make the funds on deposit in the  
16 mortgage guarantee fund available for alternative housing  
17 programs.

18 Section 2. Section 24-1A-42, Code of Alabama 1975,  
19 is amended to read as follows:

20 "§24-1A-42.

21 "As used in this article, the following terms shall  
22 have the following meanings:

23 "(1) ALABAMA HOME BUYERS INITIATIVE. A program that  
24 includes a conventional mortgage program not to exceed one  
25 billion dollars (\$1,000,000,000) in aggregate loan amount to  
26 be administered by the program administrator, under which  
27 single family mortgage loans, as defined in Section 24-1A-2,

1 are purchased by the program administrator and sold to the  
2 initial holder, and one or more alternative housing programs.  
3 No mortgage loan shall be made to any person who is not a  
4 citizen of the United States or is not legally present in the  
5 United States with appropriate documentation from the federal  
6 government.

7 "(2) ALTERNATIVE HOUSING PROGRAM. Any program or  
8 other activity that is certified to the State Treasurer by the  
9 program administrator under Section 24-1A-44(c) (2), that will  
10 be administered by the program administrator, and that will  
11 promote home ownership in Alabama, including, without  
12 limitation, the establishment of reserve funds for housing  
13 initiatives, the payment of mortgage insurance premiums, and  
14 the establishment and administration of homeowner education  
15 programs. The program administrator may certify one or more  
16 alternative housing programs in order to utilize all funds on  
17 deposit in the mortgage guarantee fund.

18 "(3) CERTIFIED AMOUNT. The dollar amount of funds on  
19 deposit in the mortgage guarantee fund that is certified to  
20 the State Treasurer by the program administrator under Section  
21 24-1A-44(c) (1) as available for an alternative housing  
22 program.

23 "~~(2)~~(4) ELIGIBLE PROPERTIES. Both newly constructed  
24 residences and existing homes.

25 "~~(3)~~(5) FORECLOSURE BALANCE. The sum of (a) the  
26 unpaid principal balance of a qualified mortgage loan, (b) any  
27 interest accrued thereon through the date of foreclosure, and

1 (c) foreclosure expenses, which shall include attorney fees,  
2 title work, recording or filing fees, escrow advances, and  
3 other actual expenses associated with a foreclosure sale.

4 "~~(4)~~(6) FORECLOSURE LOSS. The foreclosure balance  
5 for a qualified mortgage loan less its resale proceeds.

6 "~~(5)~~(7) HOLDER. Any person that owns a qualified  
7 mortgage loan.

8 "~~(6)~~(8) INVESTOR. The holder of a qualified mortgage  
9 loan on the date on which a foreclosure loss occurs with  
10 respect to such loan.

11 "~~(7)~~(9) MORTGAGE GUARANTEE FUND. The fund  
12 established under Section 24-1A-43.

13 "~~(8)~~(10) MORTGAGE GUARANTEE FUND FEE. A fee equal to  
14 one percent (1%) of the sales price of each home financed with  
15 a qualified mortgage loan under the Alabama Home Buyers  
16 Initiative.

17 "~~(9)~~(11) PERSON. Any individual, trust, estate,  
18 corporation, association, partnership, limited liability  
19 company, or other entity of any kind.

20 "~~(10)~~(12) PROGRAM ADMINISTRATOR. The Alabama Housing  
21 Finance Authority.

22 "~~(11)~~(13) QUALIFIED MORTGAGE LOAN. A mortgage loan  
23 secured by an eligible property originated under the Alabama  
24 Home Buyers Initiative.

25 "~~(12)~~(14) RESALE PROCEEDS. The net sales proceeds  
26 from the remarketing or resale of a residence following a  
27 foreclosure sale conducted under a qualified mortgage loan,

1 which shall be equal to the sales price received in an arm's  
2 length sale less closing costs, commissions, property  
3 preservation, and reasonable and customary expenses associated  
4 with the sale of a residential property."

5 Section 3. Section 24-1A-44 is added to the Code of  
6 Alabama 1975, to read as follows:

7 §24-1A-44. Alternative housing programs; certified  
8 amounts; modification and depletion.

9 (a) Mortgage guarantee fund. In addition to the uses  
10 provided in Section 24-1A-43, commencing on the effective date  
11 of this act, the mortgage guarantee fund established by the  
12 Alabama Home Buyers Initiative Act, including all funds  
13 appropriated for the mortgage guarantee fund and all interest  
14 or investment earnings thereon, shall be made available to  
15 fund alternative housing programs in accordance with this act.

16 (b) Investment income on mortgage guarantee fund.  
17 All interest or investment income, if any, on funds deposited  
18 in the mortgage guarantee fund shall be credited to, and shall  
19 remain part of, the mortgage guarantee fund.

20 (c) Establishment of alternative housing programs.  
21 In order to establish an alternative housing program, the  
22 program administrator shall certify in writing to the State  
23 Treasurer that: (1) There is a specific dollar amount of funds  
24 on deposit in the mortgage guarantee fund, up to and including  
25 the full amount then on deposit in the mortgage guarantee  
26 fund, that is available to be used for an alternative housing  
27 program (the "certified amount"); (2) There is an alternative

1 housing program for which the certified amount can be used;  
2 and (3) The designation assigned by the program administrator  
3 to the alternative housing program in order to differentiate  
4 it from other alternative housing programs. The State  
5 Treasurer's receipt of a written certification from the  
6 program administrator containing the above statements, without  
7 further detail, shall be sufficient for purposes of this act  
8 to establish an alternative housing program and to make the  
9 certified amount available to fund such program, and the State  
10 Treasurer shall have no obligation to review or approve any  
11 alternative housing program so certified. The State Treasurer,  
12 in his or her discretion, may establish a separate account  
13 within the mortgage guarantee fund for each alternative  
14 housing program established under this subsection, which  
15 account shall be funded solely from existing money on deposit  
16 in the mortgage guarantee fund in an amount equal to the  
17 certified amount for the alternative housing program for which  
18 such account is established.

19 (d) Funding of alternative housing programs. If the  
20 program administrator provides a written certification to the  
21 ~~State Treasurer~~ Comptroller that: (1) Requests a specific  
22 amount of funding from the mortgage guarantee fund; (2)  
23 Identifies by assigned designation the alternative housing  
24 program for which the funding is requested; (3) Specifies the  
25 name and address of the payee to whom such amount shall be  
26 paid; and (4) Certifies that the amount of funding being  
27 requested for the alternative housing program, together with

1 the aggregate amount of all prior funding requested for such  
2 program, does not exceed the certified amount with respect to  
3 the ~~alternative housing program being funded, then the State~~  
4 ~~Treasurer shall instruct the Comptroller to issue a warrant in~~  
5 ~~the amount requested payable to the payee specified by the~~  
6 ~~program administrator; provided, however, that each warrant so~~  
7 ~~issued shall specify that it is a limited obligation payable~~  
8 ~~solely from the certified amount established for the~~  
9 ~~alternative housing program for which such warrant is issued~~  
10 ~~and does not constitute indebtedness of the State of Alabama,~~  
11 ~~the program administrator, or any other person. alternative~~  
12 ~~housing program being funded, then the Comptroller shall issue~~  
13 ~~a warrant in the amount requested payable to the payee~~  
14 ~~specified by the program administrator.~~

15 (e) Modification of certified amounts. The program  
16 administrator, at any time, may deliver a written  
17 certification to the State Treasurer that increases,  
18 decreases, or terminates the certified amount with respect to  
19 any alternative housing program; provided, however, that the  
20 certified amount for any alternative housing program may not  
21 be reduced under any circumstances to an amount less than the  
22 aggregate amount payable under the then outstanding warrants  
23 issued by the Comptroller, including any warrants that have  
24 been requested but not yet issued, with respect to such  
25 alternative housing program.

26 (f) Modification of alternative housing programs.  
27 The program administrator, in his or her sole discretion, may



1 modify, amend, expand, reduce, or otherwise alter any  
2 alternative housing program being funded under this act  
3 without notice to, consent from, or any other action by the  
4 State Treasurer or Comptroller so long as the alternative  
5 housing program, as modified, constitutes an alternative  
6 housing program within the meaning of this act.

7 (g) Availability of mortgage guarantee fund. The  
8 mortgage guarantee fund shall remain available until it is  
9 depleted through the funding of alternative housing programs.

10 Section 4. The provisions of this act are severable.  
11 If any part of this act is declared invalid or  
12 unconstitutional, that declaration shall not affect the part  
13 which remains.

14 Section 5. This act shall become effective  
15 immediately following its passage and approval by the  
16 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Insurance ..... 14-JAN-14

Read for the second time and placed  
on the calendar..... 15-JAN-14

Read for the third time and passed  
as amended..... 30-JAN-14

Yeas 85, Nays 0, Abstains 0

Jeff Woodard  
Clerk