

SB238 INTRODUCED



1 SB238
2 1Q78Z3Z-1
3 By Senator Price
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 19-Mar-24



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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.



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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



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

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

68 (c) The state Comptroller shall issue payment warrants
69 from the mortgage guarantee fund only after receipt of a
70 certification from the program administrator that identifies
71 each qualified mortgage loan that has suffered a foreclosure
72 loss, contains a calculation of the amount of the foreclosure
73 loss, and provides payment instructions for each investor that
74 suffered such foreclosure loss. Payments from the ~~guarantee~~
75 fund shall be deemed made first from the six million dollars
76 (\$6,000,000) appropriated to the ~~guarantee~~ fund in subsection
77 (a), until exhausted, thereafter from interest or investment
78 income on the ~~guarantee~~ fund, and finally from ~~guarantee fund~~
79 fees deposited in the ~~guarantee~~ fund.

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

84 (e) Reimbursements to investors from the mortgage



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

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

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

107 Section 2. This act shall become effective on October
108 1, 2024.