

By Mr. Frank of Boston, petition of Concilio Hispano of Mass., Inc., for the establishment of a division of home financing in the Department of Community Affairs for the purpose of making loans to disadvantaged and low income citizens to be used to finance homes at a preferred rate of interest. Urban Affairs.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Four.

AN ACT ESTABLISHING THE DIVISION OF HOME FINANCING IN THE DEPARTMENT OF COMMUNITY AFFAIRS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 23B of the General Laws is hereby amended by
2 adding after section 23, under the caption Division of Home
3 Financing, the following four sections: —

4 *Section 24.* There is hereby established in the department of
5 community affairs, but not subject to its control, the division of
6 home financing hereinafter referred to as the "division."

7 The governor shall appoint an executive director who shall
8 serve at his pleasure and be responsible to him, and receive a
9 salary of thirty thousand dollars per year; he shall be the chief
10 administrative officer of the division and the secretary may
11 delegate to him any of his administrative powers and authoriza-
12 tions; he shall be a person of good character, integrity, and
13 business experience in the field of real estate or mortgage
14 banking.

15 *Section 25.* (a) The division shall have the power and
16 authority to make loans to disadvantaged and low income
17 citizens to be used to finance homes at a preferred rate of
18 interest. The interest charged on any loan shall be at the rate of
19 interest which the commonwealth is required to pay for bonds
20 issued to obtain the funds necessary for the making of the loans
21 herein provided, plus an additional rate of interest at a level to

22 make the program self-supporting. No "points" or other interest
23 may be charged to either the buyer or seller on any purchase
24 made under this section. Loans made under the provisions of this
25 section shall be secured by a first mortgage on the property
26 purchased.

27 (b) An applicant must meet each of the following conditions,
28 to be eligible for a mortgage under this section: --

29 (1) An applicant must be a purchaser who intends to reside in
30 the dwelling.

31 (2) An applicant shall have no previous mortgage in effect at
32 time of application.

33 (3) An applicant shall have a gross income of such amount
34 that he cannot reasonably secure a mortgage at existing private
35 lending rates and has been rejected for a mortgage by at least two
36 lending institutions. Each application for a loan shall be
37 accompanied by an income tax return for the past calendar year,
38 said return being a certified copy obtained from the commis-
39 sioner of taxation.

40 (4) An applicant shall have been a resident of the common-
41 wealth for more than three years prior to date of application, and
42 shall not own real property other than a dwelling unit in which
43 the applicant resides or lot upon which the applicant intends to
44 build a dwelling unit at the time of application.

45 (c) Mortgages held as security for loans made under this
46 section which are in default may be foreclosed by the division as
47 provided in private transactions. The division is authorized to
48 take title in its name to any such property foreclosed, as well as
49 to convey title to such property to bona fide purchasers thereof.

50 (d) Any property mortgaged under this section may be
51 transferred. However, should the transferee fail to qualify under
52 subsection (b) of this section, the mortgage in effect shall be
53 terminated upon the transfer of the property, and any monies
54 due under the mortgage shall be repaid to the division.

55 *Section 26.* (a) The division shall have the following addi-
56 tional powers and authority:

57 (1) To have perpetual succession, and to sue or be sued in its
58 own name and plead and be impleaded.

59 (2) To adopt an official seal and alter the same at its pleasure.

60 (3) To adopt, promulgate, amend, and repeal by-laws for the
61 regulation of its affairs and the conduct of its business.

62 (4) To maintain offices at such place or places within the
63 commonwealth as it determines.

64 (5) To employ such employees as are necessary for the
65 conduct of its business. All full-time employees except the
66 executive director are subject generally to the provisions and
67 restrictions of chapters thirty-one and thirty-two.

68 *Section 27.* (a) The division shall utilize federal programs to
69 the maximum extent possible.

70 (b) The division shall not lend money where private lending
71 institutions can meet the needs of the applicant.

72 (c) The division shall adopt and enforce policies to avoid
73 creating or aggravating low income economic concentrations
74 which adversely affect communities.

75 (d) The division shall periodically review each mortgage at not
76 less than five year intervals to determine whether the applicants
77 circumstances and the ability of private lenders to assume such
78 mortgages at now existing rates warrant termination of the
79 relationship between the mortgagor and the division; thereby
80 assuring that this program in no way infringes on the operations
81 of the private mortgage market.

