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# By: Delegate Krysiak

Introduced and read first time: February 10, 1999 Assigned to: Economic Matters

## A BILL ENTITLED

1 AN ACT concerning

#### 2

### Mortgage Lending - Private Mortgage Insurance

3 FOR the purpose of altering certain provisions of State law relating to private

- 4 mortgage insurance to conform to the provisions of the federal Homeowners
- 5 Protection Act of 1998; providing for the effective date of this Act; and generally
- 6 relating to private mortgage insurance.

7 BY repealing and reenacting, with amendments,

- 8 Article Commercial Law
- 9 Section 12-106(d)
- 10 Annotated Code of Maryland
- 11 (1990 Replacement Volume and 1998 Supplement)

# 12 BY repealing and reenacting, with amendments,

- 13 Article Financial Institutions
- 14 Section 5-508 and 9-903
- 15 Annotated Code of Maryland
- 16 (1998 Replacement Volume and 1998 Supplement)

### 17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

18 MARYLAND, That the Laws of Maryland read as follows:

19

### **Article - Commercial Law**

20 12-106.

21 (d) (1) At the time of application for a loan under this title secured by

22 residential real property, the lender shall furnish to the borrower a clear and

23 conspicuous written statement, in print not smaller than 10 point type, specifying

- 24 that if private mortgage insurance is required to be purchased as a condition for 25 making the loan, the borrower may be eligible to request that under appropriate
- 26 circumstances the private mortgage insurance be canceled. The statement shall be
- 27 signed by the borrower and a copy shall be furnished to the borrower.

#### **HOUSE BILL 427**

1 (2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO ANY LOAN 2 SUBJECT TO THE DISCLOSURE PROVISIONS OF THE FEDERAL HOMEOWNERS

3 PROTECTION ACT OF 1998, IF THE LENDER COMPLIES AT LOAN CONSUMMATION

4 WITH THE DISCLOSURE REQUIREMENTS OF THE ACT.

5

### **Article - Financial Institutions**

6 5-508.

7 If a banking institution holds a first mortgage on residential property and a

8 private mortgage insurance corporation partially insures the mortgage, the banking

9 institution shall eliminate all charges to the mortgagor for mortgage insurance

10 premiums when the mortgage is reduced to the level at which the [insurance

11 corporation has no outstanding liability] FEDERAL HOMEOWNERS PROTECTION ACT

12 OF 1998 REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE

13 INSURING THE MORTGAGE.

14 9-903.

15 If a savings and loan association holds a first mortgage on residential property,

16 and the mortgage is partially insured by a private mortgage insurance company, the

17 association shall eliminate all charges to the mortgagor for mortgage insurance

18 premiums when the mortgage is reduced to the level at which the [insurance

19 company is no longer liable] FEDERAL HOMEOWNERS PROTECTION ACT OF 1998

20 REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE INSURING THE

21 MORTGAGE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 23 July 29, 1999.

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