

HOUSE BILL 427

Unofficial Copy  
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1999 Regular Session  
9r1857  
CF 9r1548

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By: **Delegate Krysiak**

Introduced and read first time: February 10, 1999

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 1999

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Mortgage Lending - Private Mortgage Insurance**

3 FOR the purpose of repealing certain provisions of State law that require certain  
4 lenders to furnish to borrowers a certain statement relating to private mortgage  
5 insurance; altering certain provisions of State law relating to private mortgage  
6 insurance to conform to the provisions of the federal Homeowners Protection Act  
7 of 1998; providing for the effective date of this Act; and generally relating to  
8 private mortgage insurance.

9 BY repealing ~~and reenacting, with amendments,~~  
10 Article - Commercial Law  
11 Section 12-106(d)  
12 Annotated Code of Maryland  
13 (1990 Replacement Volume and 1998 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article - Financial Institutions  
16 Section 5-508 and 9-903  
17 Annotated Code of Maryland  
18 (1998 Replacement Volume and 1998 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

1

**Article - Commercial Law**

2 12-106.

3 [(d) (1) At the time of application for a loan under this title secured by  
4 residential real property, the lender shall furnish to the borrower a clear and  
5 conspicuous written statement, in print not smaller than 10 point type, specifying  
6 that if private mortgage insurance is required to be purchased as a condition for  
7 making the loan, the borrower may be eligible to request that under appropriate  
8 circumstances the private mortgage insurance be canceled. The statement shall be  
9 signed by the borrower and a copy shall be furnished to the borrower.]

10 ~~(2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO ANY LOAN~~  
11 ~~SUBJECT TO THE DISCLOSURE PROVISIONS OF THE FEDERAL HOMEOWNERS~~  
12 ~~PROTECTION ACT OF 1998, IF THE LENDER COMPLIES AT LOAN CONSUMMATION~~  
13 ~~WITH THE DISCLOSURE REQUIREMENTS OF THE ACT.~~

14

**Article - Financial Institutions**

15 5-508.

16 If a banking institution holds a first mortgage on residential property and a  
17 private mortgage insurance corporation partially insures the mortgage, the banking  
18 institution shall eliminate all charges to the mortgagor for mortgage insurance  
19 premiums when the mortgage is reduced to the level at which the [insurance  
20 corporation has no outstanding liability] ~~FEDERAL HOMEOWNERS PROTECTION ACT~~  
21 ~~OF 1998 REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE~~  
22 ~~INSURING THE MORTGAGE.~~

23 9-903.

24 If a savings and loan association holds a first mortgage on residential property,  
25 and the mortgage is partially insured by a private mortgage insurance company, the  
26 association shall eliminate all charges to the mortgagor for mortgage insurance  
27 premiums when the mortgage is reduced to the level at which the [insurance  
28 company is no longer liable] ~~FEDERAL HOMEOWNERS PROTECTION ACT OF 1998~~  
29 ~~REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE INSURING THE~~  
30 ~~MORTGAGE.~~

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

