

HOUSE BILL 944

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By: **Delegates Lafferty, Glenn, Haynes, Jameson, Levy, McHale, Mizeur, Murphy, Niemann, Schuh, Schuler, and Stein**
Introduced and read first time: February 6, 2008
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation – Subprime Loans – Requirements for Housing Counseling**

3 FOR the purpose of prohibiting a lender or credit grantor from completing a loan
4 application for a subprime loan until the lender or credit grantor receives proof
5 that the borrower has completed home buyer education or housing counseling
6 under certain circumstances; requiring a lender, credit grantor, or mortgage
7 broker to provide a borrower of a subprime loan at a certain time with a list of
8 agencies and organizations that provide home buyer education or housing
9 counseling under certain circumstances; defining certain terms; and generally
10 relating to requirements for home buyer education or housing counseling in
11 subprime loans.

12 BY repealing and reenacting, with amendments,
13 Article – Commercial Law
14 Section 12–124.1, 12–311, 12–409.1, and 12–1029
15 Annotated Code of Maryland
16 (2005 Replacement Volume and 2007 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 12–124.1.

21 (a) (1) In this section the following words have the meanings indicated.

22 (2) “Covered loan” means a mortgage loan made under this subtitle
23 that meets the criteria for a loan subject to the federal Home Ownership Equity
24 Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to time by

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for the
2 mortgage loan shall be one percentage point less than those specified in 15 U.S.C. §
3 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

4 (3) “Credit health insurance” has the meaning stated in § 13–101 of
5 the Insurance Article.

6 (4) “Credit involuntary unemployment benefit insurance” has the
7 meaning stated in § 13–101 of the Insurance Article.

8 (5) (i) “Credit life insurance” means insurance on the life of a
9 borrower that provides indemnity for repayment of a specific loan or credit transaction
10 on the death of the borrower.

11 (ii) “Credit life insurance” does not include life insurance
12 payable to a beneficiary designated by the borrower other than the obligee of a specific
13 loan or credit transaction.

14 (6) [“Home buyer education or housing counseling” means instruction
15 on preparing for home ownership, shopping for a home, obtaining a mortgage, loan
16 closing, and life as a homeowner.

17 (7)] “Mortgage loan” has the meaning stated in § 11–501 of the
18 Financial Institutions Article.

19 [(8)] (7) “Premium” has the meaning stated in § 1–101 of the
20 Insurance Article.

21 [(9)] (8) “Single premium coverage” means insurance for which the
22 total premium is payable in one lump sum at or before the time coverage commences.

23 (b) (1) Except as provided in this subsection, a lender making a covered
24 loan may not finance as a part of the covered loan transaction single premium
25 coverage for:

26 (i) Credit health insurance;

27 (ii) Credit involuntary unemployment benefit insurance; or

28 (iii) Credit life insurance.

29 (2) Nothing in this subsection shall prohibit the financing of any
30 insurance coverage in connection with a mobile home or its premises, as those terms
31 are defined in § 8A–101 of the Real Property Article.

32 **12–124.2.**

1 [(c)] (A) (1) In this [subsection,] SECTION THE FOLLOWING WORDS
2 HAVE THE MEANINGS INDICATED.

3 (2) “ANNUAL PERCENTAGE RATE” HAS THE MEANING STATED IN
4 12 C.F.R. PART 226.

5 (3) “FULLY INDEXED RATE” MEANS THE INDEX RATE APPLICABLE
6 TO A MORTGAGE LOAN FOR A RESIDENTIAL REAL PROPERTY AT THE TIME IT IS
7 ORIGINATED, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF
8 AN INTRODUCTORY INTEREST RATE.

9 (4) “HOME BUYER EDUCATION OR HOUSING COUNSELING”
10 MEANS INSTRUCTION ON PREPARING FOR HOME OWNERSHIP, SHOPPING FOR A
11 HOME, OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.

12 (5) [“loan] “LOAN application” has the meaning stated in § 12–125 of
13 this subtitle.

14 (6) “MORTGAGE BROKER” HAS THE MEANING STATED IN §
15 11–501 OF THE FINANCIAL INSTITUTIONS ARTICLE.

16 (7) “MORTGAGE LOAN” HAS THE MEANING STATED IN § 11–501
17 OF THE FINANCIAL INSTITUTIONS ARTICLE.

18 (8) “RESIDENTIAL REAL PROPERTY” MEANS OWNER–OCCUPIED
19 REAL PROPERTY HAVING A DWELLING ON IT DESIGNED PRINCIPALLY AS A
20 RESIDENCE WITH ACCOMMODATIONS FOR NOT MORE THAN FOUR FAMILIES.

21 (9) “SUBPRIME LOAN” MEANS:

22 (I) IN THE CASE OF AN ADJUSTABLE RATE MORTGAGE
23 LOAN SECURED BY A FIRST LIEN ON RESIDENTIAL REAL PROPERTY THAT CAN
24 INCREASE IN INTEREST RATE BUT NOT DECREASE IN INTEREST RATE BELOW
25 THE FULLY INDEXED RATE AT THE TIME OF ORIGINATION, A MORTGAGE LOAN
26 FOR WHICH THE ANNUAL PERCENTAGE RATE IS GREATER THAN 2 PERCENTAGE
27 POINTS ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING
28 COMPARABLE PERIODS OF MATURITY:

29 1. AS OF THE 15TH DAY OF THE PRECEDING MONTH
30 IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND

31 2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF
32 THE RATE IS SET ON OR AFTER THE 15TH DAY;

1 **(II) FOR ALL OTHER MORTGAGE LOANS SECURED BY A**
2 **FIRST LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH**
3 **THE ANNUAL PERCENTAGE RATE IS GREATER THAN 3 PERCENTAGE POINTS**
4 **ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING**
5 **COMPARABLE PERIODS OF MATURITY:**

6 **1. AS OF THE 15TH DAY OF THE PRECEDING MONTH**
7 **IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

8 **2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF**
9 **THE RATE IS SET ON OR AFTER THE 15TH DAY; AND**

10 **(III) FOR A MORTGAGE LOAN SECURED BY A SUBORDINATE**
11 **LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH THE**
12 **ANNUAL PERCENTAGE RATE IS GREATER THAN 5 PERCENTAGE POINTS ABOVE**
13 **THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING COMPARABLE**
14 **PERIODS OF MATURITY:**

15 **1. AS OF THE 15TH DAY OF THE PRECEDING MONTH**
16 **IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

17 **2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF**
18 **THE RATE IS SET ON OR AFTER THE 15TH DAY.**

19 **[(2)] (B) At the time a [borrower completes a loan application for]**
20 **LENDER OR MORTGAGE BROKER RECOMMENDS a [covered] SUBPRIME loan, the**
21 **lender OR MORTGAGE BROKER shall provide the borrower with[:**

22 **(i) A written recommendation that the borrower seek home**
23 **buyer education or housing counseling; and**

24 **(ii) A] A list of agencies and organizations approved by the**
25 **county in which the residential real property securing the [covered] SUBPRIME loan is**
26 **located [to] THAT provide home buyer education or housing counseling.**

27 **(C) A LENDER MAY NOT COMPLETE A LOAN APPLICATION FOR A**
28 **SUBPRIME LOAN UNTIL THE LENDER RECEIVES PROOF THAT THE BORROWER**
29 **HAS COMPLETED HOME BUYER EDUCATION OR HOUSING COUNSELING.**

30 12-311.

31 **(a) (1) In this section the following words have the meanings indicated.**

32 **(2) “Covered loan” means a mortgage loan made under this subtitle**
33 **that meets the criteria for a loan subject to the federal Home Ownership Equity**

1 Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to time by
2 Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for the
3 mortgage loan shall be one percentage point less than those specified in 15 U.S.C. §
4 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

5 (3) ["Home buyer education or housing counseling" means instruction
6 on preparing for home ownership, shopping for a home, obtaining a mortgage, loan
7 closing, and life as a homeowner.

8 (4) "Residential real property" means owner-occupied real property
9 having a dwelling on it designed principally as a residence with accommodations for
10 not more than four families.

11 (b) A lender may not take as security for a loan any:

12 (1) Confession of judgment or power of attorney to him or to a third
13 person to confess judgment or appear for the borrower in a judicial proceeding;

14 (2) Assignment or order for payment of wages;

15 (3) Instrument in which blanks are left to be filled after execution; or

16 (4) Note, promise to pay, or security instrument which does not state:

17 (i) The principal amount of the loan;

18 (ii) A schedule of payments or a description of the schedule; and

19 (iii) The agreed amount and rate of interest, charges, and fees.

20 (c) (1) A lender may not take any security interest in:

21 (i) Real property for any loan under \$2,000 in value or amount;

22 or

23 (ii) Personal property for any loan under \$700 in value or
24 amount.

25 (2) Any lien taken in violation of this subsection is void.

26 (3) This subsection does not apply to or affect a lien on an interest in
27 real property which results from a judgment obtained by the lender based on a loan
28 otherwise secured or unsecured.

29 (d) (1) A lender may not make a covered loan without giving due regard to
30 the borrower's ability to repay the loan in accordance with its terms.

1 (2) A borrower is presumed to be able to repay a loan if at the time the
2 loan is made the borrower's total scheduled monthly payment obligations, including
3 the required loan payment, do not exceed 45 percent of the borrower's monthly gross
4 income.

5 (3) This subsection does not apply to a covered loan to a borrower
6 whose monthly gross income is greater than 120 percent of the median family income
7 for the metropolitan statistical area in which the residential real property securing the
8 loan is located.

9 **12-311.1.**

10 [(e)] (A) (1) In this [subsection,] **SECTION THE FOLLOWING WORDS**
11 **HAVE THE MEANINGS INDICATED.**

12 (2) **“ANNUAL PERCENTAGE RATE” HAS THE MEANING STATED IN**
13 **12 C.F.R. PART 226.**

14 (3) **“FULLY INDEXED RATE” MEANS THE INDEX RATE APPLICABLE**
15 **TO A MORTGAGE LOAN FOR A RESIDENTIAL REAL PROPERTY AT THE TIME IT IS**
16 **ORIGINATED, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF**
17 **AN INTRODUCTORY INTEREST RATE.**

18 (4) **“HOME BUYER EDUCATION OR HOUSING COUNSELING”**
19 **MEANS INSTRUCTION ON PREPARING FOR HOME OWNERSHIP, SHOPPING FOR A**
20 **HOME, OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.**

21 (5) [“loan] **“LOAN application”** has the meaning stated in § 12-125 of
22 this title.

23 (6) **“MORTGAGE BROKER” HAS THE MEANING STATED IN §**
24 **11-501 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

25 (7) **“MORTGAGE LOAN” HAS THE MEANING STATED IN § 11-501**
26 **OF THE FINANCIAL INSTITUTIONS ARTICLE.**

27 (8) **“RESIDENTIAL REAL PROPERTY” MEANS OWNER-OCCUPIED**
28 **REAL PROPERTY HAVING A DWELLING ON IT DESIGNED PRINCIPALLY AS A**
29 **RESIDENCE WITH ACCOMMODATIONS FOR NOT MORE THAN FOUR FAMILIES.**

30 (9) **“SUBPRIME LOAN” MEANS:**

31 (1) **IN THE CASE OF AN ADJUSTABLE RATE MORTGAGE**
32 **LOAN SECURED BY A FIRST LIEN ON RESIDENTIAL REAL PROPERTY THAT CAN**
33 **INCREASE IN INTEREST RATE BUT NOT DECREASE IN INTEREST RATE BELOW**

1 THE FULLY INDEXED RATE AT THE TIME OF ORIGINATION, A MORTGAGE LOAN
2 FOR WHICH THE ANNUAL PERCENTAGE RATE IS GREATER THAN 2 PERCENTAGE
3 POINTS ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING
4 COMPARABLE PERIODS OF MATURITY:

5 1. AS OF THE 15TH DAY OF THE PRECEDING MONTH
6 IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND

7 2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF
8 THE RATE IS SET ON OR AFTER THE 15TH DAY;

9 (II) FOR ALL OTHER MORTGAGE LOANS SECURED BY A
10 FIRST LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH
11 THE ANNUAL PERCENTAGE RATE IS GREATER THAN 3 PERCENTAGE POINTS
12 ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING
13 COMPARABLE PERIODS OF MATURITY:

14 1. AS OF THE 15TH DAY OF THE PRECEDING MONTH
15 IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND

16 2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF
17 THE RATE IS SET ON OR AFTER THE 15TH DAY; AND

18 (III) FOR A MORTGAGE LOAN SECURED BY A SUBORDINATE
19 LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH THE
20 ANNUAL PERCENTAGE RATE IS GREATER THAN 5 PERCENTAGE POINTS ABOVE
21 THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING COMPARABLE
22 PERIODS OF MATURITY:

23 1. AS OF THE 15TH DAY OF THE PRECEDING MONTH
24 IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND

25 2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF
26 THE RATE IS SET ON OR AFTER THE 15TH DAY.

27 [(2)] (B) At the time a [borrower completes a loan application for]
28 LENDER OR MORTGAGE BROKER RECOMMENDS a [covered] SUBPRIME loan, the
29 lender OR MORTGAGE BROKER shall provide the borrower with[:

30 (i) A written recommendation that the borrower seek home
31 buyer education or housing counseling; and

1 (ii) A] A list of agencies and organizations approved by the
2 county in which the residential real property securing the [covered] **SUBPRIME** loan is
3 located [to] **THAT** provide home buyer education or housing counseling.

4 (C) **A LENDER MAY NOT COMPLETE A LOAN APPLICATION FOR A**
5 **SUBPRIME LOAN UNTIL THE LENDER RECEIVES PROOF THAT THE BORROWER**
6 **HAS COMPLETED HOME BUYER EDUCATION OR HOUSING COUNSELING.**

7 12-409.1.

8 (a) (1) In this section the following words have the meanings indicated.

9 (2) “Covered loan” means a mortgage loan made under this subtitle
10 that meets the criteria for a loan subject to the federal Home Ownership Equity
11 Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to time by
12 Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for the
13 mortgage loan shall be one percentage point less than those specified in 15 U.S.C. §
14 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

15 (3) [“Home buyer education or housing counseling” means instruction
16 on preparing for home ownership, shopping for a home, obtaining a mortgage, loan
17 closing, and life as a homeowner.

18 (4)] “Residential real property” means owner-occupied real property
19 having a dwelling on it designed principally as a residence with accommodations for
20 not more than four families.

21 (b) (1) A lender may not make a covered loan without giving due regard to
22 the borrower’s ability to repay the loan in accordance with its terms.

23 (2) A borrower is presumed to be able to repay a loan if at the time the
24 loan is made the borrower’s total scheduled monthly payment obligations, including
25 the required loan payment, do not exceed 45 percent of the borrower’s monthly gross
26 income.

27 (3) This subsection does not apply to a covered loan to a borrower
28 whose monthly gross income is greater than 120 percent of the median family income
29 for the metropolitan statistical area in which the residential real property securing the
30 loan is located.

31 **12-409.2.**

32 [(c)] (A) (1) In this [subsection,] **SECTION THE FOLLOWING WORDS**
33 **HAVE THE MEANINGS INDICATED.**

1 (2) **“ANNUAL PERCENTAGE RATE” HAS THE MEANING STATED IN**
2 **12 C.F.R. PART 226.**

3 (3) **“HOME BUYER EDUCATION OR HOUSING COUNSELING”**
4 **MEANS INSTRUCTION ON PREPARING FOR HOME OWNERSHIP, SHOPPING FOR A**
5 **HOME, OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.**

6 (4) [“loan] **“LOAN application”** has the meaning stated in § 12–125 of
7 this title.

8 (5) **“MORTGAGE BROKER” HAS THE MEANING STATED IN §**
9 **11–501 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

10 (6) **“MORTGAGE LOAN” HAS THE MEANING STATED IN § 11–501**
11 **OF THE FINANCIAL INSTITUTIONS ARTICLE.**

12 (7) **“RESIDENTIAL REAL PROPERTY” MEANS OWNER–OCCUPIED**
13 **REAL PROPERTY HAVING A DWELLING ON IT DESIGNED PRINCIPALLY AS A**
14 **RESIDENCE WITH ACCOMMODATIONS FOR NOT MORE THAN FOUR FAMILIES.**

15 (8) **“SUBPRIME LOAN” MEANS A MORTGAGE LOAN SECURED BY A**
16 **SUBORDINATE LIEN ON RESIDENTIAL REAL PROPERTY FOR WHICH THE ANNUAL**
17 **PERCENTAGE RATE IS GREATER THAN 5 PERCENTAGE POINTS ABOVE THE YIELD**
18 **ON UNITED STATES TREASURY SECURITIES HAVING COMPARABLE PERIODS OF**
19 **MATURITY:**

20 (I) **AS OF THE 15TH DAY OF THE PRECEDING MONTH IF THE**
21 **RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

22 (II) **AS OF THE 15TH DAY OF THE CURRENT MONTH IF THE**
23 **RATE IS SET ON OR AFTER THE 15TH DAY.**

24 [(2)] (B) At the time a [borrower completes a loan application for]
25 **LENDER OR MORTGAGE BROKER RECOMMENDS** a [covered] **SUBPRIME** loan, the
26 lender **OR MORTGAGE BROKER** shall provide the borrower with[:

27 (i) A written recommendation that the borrower seek home
28 buyer education or housing counseling; and

29 (ii) A] A list of agencies and organizations approved by the
30 county in which the residential real property securing the [covered] **SUBPRIME** loan is
31 located [to] **THAT** provide home buyer education or housing counseling.

1 (C) A LENDER MAY NOT COMPLETE A LOAN APPLICATION FOR A
2 SUBPRIME LOAN UNTIL THE LENDER RECEIVES PROOF THAT THE BORROWER
3 HAS COMPLETED HOME BUYER EDUCATION OR HOUSING COUNSELING.

4 12-1029.

5 (a) [(1)] In this section [the following words have the meanings indicated.

6 (2) “Covered], **“COVERED** loan” means a mortgage loan made under
7 this subtitle that meets the criteria for a loan subject to the federal Home Ownership
8 and Equity Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to
9 time by Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for
10 the mortgage loan shall be one percentage point less than those specified in 15 U.S.C.
11 § 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

12 [(3) “Home buyer education or housing counseling” means instruction
13 on preparing for home ownership, shopping for a home, obtaining a mortgage, loan
14 closing, and life as a homeowner.]

15 (b) (1) A credit grantor may not make a covered loan without giving due
16 regard to the borrower’s ability to repay the loan in accordance with its terms.

17 (2) A borrower is presumed to be able to repay a loan if at the time the
18 loan is made the borrower’s total scheduled monthly payment obligations, including
19 the required loan payment, do not exceed 45 percent of the borrower’s monthly gross
20 income.

21 (3) This subsection does not apply to a loan to a borrower whose
22 monthly gross income is greater than 120 percent of the median family income for the
23 metropolitan statistical area in which the residential real property securing the loan is
24 located.

25 **12-1029.1.**

26 [(c)] (A) (1) In this [subsection,] **SECTION THE FOLLOWING WORDS**
27 **HAVE THE MEANINGS INDICATED.**

28 (2) **“ANNUAL PERCENTAGE RATE” HAS THE MEANING STATED IN**
29 **12 C.F.R. PART 226.**

30 (3) **“FULLY INDEXED RATE” MEANS THE INDEX RATE APPLICABLE**
31 **TO A MORTGAGE LOAN FOR A RESIDENTIAL REAL PROPERTY AT THE TIME IT IS**
32 **ORIGINATED, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF**
33 **AN INTRODUCTORY INTEREST RATE.**

1 (4) **“HOME BUYER EDUCATION OR HOUSING COUNSELING”**
2 **MEANS INSTRUCTION ON PREPARING FOR HOME OWNERSHIP, SHOPPING FOR A**
3 **HOME, OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.**

4 (5) [“loan] **“LOAN application”** has the meaning stated in § 12–125 of
5 this title.

6 (6) **“MORTGAGE BROKER” HAS THE MEANING STATED IN §**
7 **11–501 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

8 (7) **“MORTGAGE LOAN” HAS THE MEANING STATED IN § 11–501**
9 **OF THE FINANCIAL INSTITUTIONS ARTICLE.**

10 (8) **“SUBPRIME LOAN” MEANS:**

11 (I) **IN THE CASE OF AN ADJUSTABLE RATE MORTGAGE**
12 **LOAN SECURED BY A FIRST LIEN ON RESIDENTIAL REAL PROPERTY THAT CAN**
13 **INCREASE IN INTEREST RATE BUT NOT DECREASE IN INTEREST RATE BELOW**
14 **THE FULLY INDEXED RATE AT THE TIME OF ORIGINATION, A MORTGAGE LOAN**
15 **FOR WHICH THE ANNUAL PERCENTAGE RATE IS GREATER THAN 2 PERCENTAGE**
16 **POINTS ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING**
17 **COMPARABLE PERIODS OF MATURITY:**

18 1. **AS OF THE 15TH DAY OF THE PRECEDING MONTH**
19 **IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

20 2. **AS OF THE 15TH DAY OF THE CURRENT MONTH IF**
21 **THE RATE IS SET ON OR AFTER THE 15TH DAY;**

22 (II) **FOR ALL OTHER MORTGAGE LOANS SECURED BY A**
23 **FIRST LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH**
24 **THE ANNUAL PERCENTAGE RATE IS GREATER THAN 3 PERCENTAGE POINTS**
25 **ABOVE THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING**
26 **COMPARABLE PERIODS OF MATURITY:**

27 1. **AS OF THE 15TH DAY OF THE PRECEDING MONTH**
28 **IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

29 2. **AS OF THE 15TH DAY OF THE CURRENT MONTH IF**
30 **THE RATE IS SET ON OR AFTER THE 15TH DAY; AND**

31 (III) **FOR A MORTGAGE LOAN SECURED BY A SUBORDINATE**
32 **LIEN ON RESIDENTIAL REAL PROPERTY, A MORTGAGE LOAN FOR WHICH THE**
33 **ANNUAL PERCENTAGE RATE IS GREATER THAN 5 PERCENTAGE POINTS ABOVE**

1 **THE YIELD ON UNITED STATES TREASURY SECURITIES HAVING COMPARABLE**
2 **PERIODS OF MATURITY:**

3 **1. AS OF THE 15TH DAY OF THE PRECEDING MONTH**
4 **IF THE RATE IS SET BETWEEN THE FIRST AND 14TH DAY OF THE MONTH; AND**

5 **2. AS OF THE 15TH DAY OF THE CURRENT MONTH IF**
6 **THE RATE IS SET ON OR AFTER THE 15TH DAY.**

7 **[(2)] (B)** At the time a [borrower completes a loan application for]
8 **CREDIT GRANTOR OR MORTGAGE BROKER RECOMMENDS** a [covered] **SUBPRIME**
9 loan, the credit grantor **OR MORTGAGE BROKER** shall provide the borrower with[:

10 (i) A written recommendation that the borrower seek home
11 buyer education or housing counseling; and

12 (ii) A] A list of agencies and organizations approved by the
13 county in which the residential real property securing the [covered] **SUBPRIME** loan is
14 located [to] **THAT** provide home buyer education or housing counseling.

15 **(C) A CREDIT GRANTOR MAY NOT COMPLETE A LOAN APPLICATION FOR**
16 **A SUBPRIME LOAN UNTIL THE CREDIT GRANTOR RECEIVES PROOF THAT THE**
17 **BORROWER HAS COMPLETED HOME BUYER EDUCATION OR HOUSING**
18 **COUNSELING.**

19 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
20 October 1, 2008.