

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 1323
Economic Matters

(Delegates Braveboy and W. Miller)

Mortgage Brokers - Finder's Fee - Prohibition

This bill repeals a prohibition against a mortgage broker charging a finder's fee in any transaction in which the mortgage broker or an owner, part owner, partner, director, officer, or employee of the mortgage broker is the lender.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: "Finder's fee" means any compensation or commission directly or indirectly imposed by a broker and paid on behalf of the borrower for the broker's services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan or advance of money. A mortgage broker may charge a finder's fee of up to 8% of a loan amount or advance. If a mortgage broker obtains a mortgage loan on the same property more than once in a 24-month period, the mortgage broker may charge a finder's fee only to the extent the loan exceeds the initial loan. A mortgage broker may not charge a finder's fee in any transaction in which the mortgage broker or an owner, part owner, partner, director, officer, or employee of the mortgage broker is the lender or an owner, part owner, partner, director, officer, or employee of the lender.

In addition to a finder's fee, a mortgage broker may charge a borrower for the actual cost of (1) any appraisal, credit report, condominium document, or subordination agreement document obtained by the mortgage broker at the written request of the borrower; and (2) any other good or service, as specified in regulations adopted by the Commissioner of Financial Regulation, that is required to complete a loan application process and that, at the written request of the borrower, is paid by the mortgage broker to a third-party provider of the good or service.

Any mortgage broker who violates provisions related to finder's fees forfeits to the borrower the greater of three times the amount of the finder's fee collected or \$500.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Department of Labor, Licensing, and Regulation; Department of Legislative Services

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Analysis by: Michael F. Bender

Direct Inquiries to:
(410) 946-5510
(301) 970-5510