

Article - Commercial Law

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§12-401.

- (a) In this subtitle the following words have the meanings indicated.
- (b) “Lender” means:
 - (1) A licensee; or
 - (2) A person who makes a secondary mortgage loan but is exempt expressly from the licensing requirements of the Maryland Mortgage Lender Law.
- (c) “Licensee” means a person who is licensed under the Maryland Mortgage Lender Law.
- (d) “Lien on real property” includes:
 - (1) A confessed judgment note or consent judgment required by a person who ordinarily requires such an instrument for the purpose of acquiring a lien on property described in subsection (i) of this section; and
 - (2) A sale and leaseback required by a person for that purpose.
- (e) “Loan” means a secondary mortgage loan.
- (f) “Net proceeds” means the difference between:
 - (1) The full amount of a secondary mortgage loan; and
 - (2) The amount of interest taken in advance on the loan plus the amount of the loan origination fee.
- (g) “Payment period” means the period scheduled by the terms of a loan to elapse between the days on which installment payments are required to be made on the loan.
- (h) “Person” includes an individual, corporation, business trust, statutory trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal or commercial entity.
- (i) (1) “Secondary mortgage loan” means a loan or deferred purchase price secured in whole or in part by a mortgage, deed of trust, security agreement, or other lien on real property located in the State, which property:
 - (i) Is subject to the lien of one or more prior encumbrances, except a ground rent or other leasehold interest; and

(ii) Has a dwelling on it designed principally as a residence with accommodations for not more than four families.

(2) “Secondary mortgage loan” does not include:

(i) A loan to any corporation unless the lender required the borrower to incorporate as a condition for obtaining the loan; or

(ii) A commercial loan of more than \$75,000, as defined in § 12–101(c) of this title.

(3) If a commercial loan of \$75,000 or less is made in the name of an individual, secured by owner–occupied residential real property and not to a business or commercial organization, the mortgage lender, as defined by the provisions of § 11–501 of the Financial Institutions Article, shall document independent evidence that the borrower is seeking funds for a legitimate commercial enterprise before the lender grants any loan for that purpose. An affidavit is not by itself evidence of a commercial loan. However, if the borrower is seeking funds to start a business and has not yet incorporated or prepared documentation of proof of ownership of a commercial enterprise, an affidavit by itself is sufficient if it states the purpose for which the proceeds are to be used and the nature of the business conducted by the borrower.

(j) “Wages” means all remuneration paid to any employee for his employment, including the cash value of all remuneration paid in any medium other than cash.

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