

Article - Commercial Law

[Previous][Next]

§12-407.1.

(a) The Commissioner shall develop and prepare a form that each lender shall furnish to an applicant for a secondary mortgage loan. The form shall state the following:

(1) The purpose for which the loan is to be used;

(2) A disclosure that, if the loan is for a commercial purpose, the borrower shall forfeit certain rights.

(b) The form shall state that the forfeiture of rights includes:

(1) The borrower's right to pay a loan origination fee that, when combined with any finder's fee imposed by a mortgage broker under § 12-804 of this title, does not exceed the greater of:

(i) \$500 or 10 percent of the net proceeds of a commercial loan of \$75,000 or less made under this subtitle; or

(ii) \$250 or 10 percent of the net proceeds of any other loan made under this subtitle;

(2) The borrower's right not to pay any other commission, finder's fees, or points for obtaining, procuring, or placing a loan; and

(3) The borrower's right not to pay an interest rate greater than 24 percent.

(c) This section does not prevent a lender from imposing fees, discounts, points, or other charges whenever permitted under § 12-404.1 of this subtitle concerning mortgage loan programs of state and federal agencies.

(d) Compliance with the provisions of this section does not relieve the lender or mortgage broker from the provisions of § 12-401(i)(3) of this subtitle.

[Previous][Next]