

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 441

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “allowing” in line 6 down through “location;” in line 7; in the same line, after “licensing;” insert “increasing the term of certain licenses; allowing the Secretary of Labor, Licensing, and Regulation to stagger the expiration of certain licenses;”; in line 8, after “Commissioner” insert “of Financial Regulation”; strike beginning with “clarifying” in line 10 down through “borrower;” in line 12; strike beginning with “requiring” in line 13 down through “borrowers;” in line 15; strike beginning with “permitting” in line 17 down through “property;” in line 22 and substitute “establishing a Task Force to Examine the Mortgage Lending Business; specifying the purpose and responsibilities of the Task Force; requiring the Task Force to report to certain committees and certain persons by a certain date; providing for the composition of the Task Force;”; and strike beginning with “encouraging” in line 24 down through “licenses;” in line 27.

On page 2, in line 4, strike “and 11-521.1”; in line 9, strike “12-913.1” and substitute “12-905(e)”; and after line 11, insert:

“BY repealing

Article - Commercial Law

Section 12-905(g)

Annotated Code of Maryland

(1990 Replacement Volume and 1996 Supplement)”.

AMENDMENT NO. 2

On page 5, in line 12, after “(a)” insert “IN THIS SECTION, “AFFILIATE” MEANS ANY COMPANY THAT CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH AN INSTITUTION DESCRIBED IN SUBSECTION (C) OF THIS SECTION.

(B)”.

(Over)

On page 6, in line 13, strike “(I)”;

in line 14, strike “SUBPARAGRAPH (II) OF THIS PARAGRAPH” and substitute “SUBSECTION (C) OF THIS SECTION”; in lines 15, 19, 21, 23, 25, and 26, strike “1.”, “2.”, “A.”, “B.”, “C.”, and “D.”, respectively, and substitute “(I)”, “(II)”, “1.”, “2.”, “3.”, and “4.”, respectively; strike beginning with “(II)” in line 28 down through “STATE;” in line 35.

On page 7, after line 5, insert:

“(C) THE EXEMPTION IN SUBSECTION (B)(11) OF THIS SECTION APPLIES TO SUBSIDIARIES AND AFFILIATES OF:

(1) ANY BANK, TRUST COMPANY, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, OR CREDIT UNION INCORPORATED OR CHARTERED UNDER THE LAWS OF THIS STATE OR THE UNITED STATES THAT MAINTAINS ITS PRINCIPAL OFFICE IN THIS STATE;

(2) ANY OUT-OF-STATE BANK, AS THAT TERM IS DEFINED IN § 5-1001 OF THIS ARTICLE, HAVING A BRANCH THAT ACCEPTS DEPOSITS IN THIS STATE; OR

(3) ANY INSTITUTION INCORPORATED UNDER FEDERAL LAW AS A SAVINGS ASSOCIATION OR SAVINGS BANK THAT DOES NOT MAINTAIN ITS PRINCIPAL OFFICE IN THIS STATE BUT HAS A BRANCH THAT ACCEPTS DEPOSITS IN THIS STATE.”;

in line 6, strike “(b)” and substitute “(D)”; in the same line, strike “(a)” and substitute “(B)”; in line 11, strike the bracket; in line 12, strike the first three brackets; in line 19, strike the bracket; and in line 23, strike the bracket.

AMENDMENT NO. 3

On page 11, after line 32, insert:

“(G) THE COMMISSIONER MAY ADOPT REGULATIONS REASONABLY NECESSARY TO ASSURE THAT THE PROPER SURETY BOND AMOUNT ESTABLISHED BY THIS SECTION IS MAINTAINED BY EACH LICENSEE THROUGHOUT EACH LICENSING TERM. THE REGULATIONS MAY PROVIDE FOR PERIODIC REPORTING, RECALCULATION, AND ENFORCEMENT OF REQUIRED BOND AMOUNTS.”;

in line 34, after “(a)” insert:

“(1) A LICENSE ISSUED ON OR BEFORE SEPTEMBER 30, 1997 EXPIRES ON DECEMBER 31 OF THE YEAR IN WHICH IT WAS ISSUED, UNLESS THE LICENSE IS RENEWED FOR A 2-YEAR TERM, AS PROVIDED IN THIS SECTION.

(2)”;

and in line 34, before “expires” insert “ISSUED ON OR AFTER OCTOBER 1, 1997”.

On page 12, after line 7, insert:

“(D) THE SECRETARY MAY DETERMINE THAT LICENSES ISSUED UNDER THIS SUBTITLE SHALL EXPIRE ON A STAGGERED BASIS.”

AMENDMENT NO. 4

On page 12, strike in their entirety lines 25 through 40, inclusive.

On page 13, strike in their entirety lines 1 through 11, inclusive.

AMENDMENT NO. 5

On page 14, in line 5, after “(I)” insert “ALL SUCH FEES MAY NOT EXCEED 2 PERCENT OF THE MAXIMUM AMOUNT OF CREDIT MADE AVAILABLE TO THE BORROWER UNDER THE PLAN;

(II)”;

in lines 7 and 9, strike “(II)” and “(III)”, respectively, and substitute “(III)” and “(IV)”, respectively; after line 10, insert:

“12-905.

(e) For purposes of this section, the additional charges listed in subsections (a), (b), [(f), and

(Over)

~~(g)] AND (F) of this section are not interest or finance charges with respect to a plan.~~

[(g) A credit grantor of an open end credit plan that is secured by real property may charge an origination fee not to exceed 2% of the initial advance made under the plan.]”;

and strike in their entirety lines 11 through 37, inclusive.

AMENDMENT NO. 6

On page 15, in line 2, strike the bracket; in line 3, strike the bracket; in line 5, strike the first pair of brackets; in line 8, strike the bracket; in line 11, strike the bracket; in line 14, strike the brackets; in the same line, strike “PARAGRAPH”; in line 15, strike the bracket; in line 17, strike the brackets and strike “MADE”; in line 18, strike the bracket; after line 18, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) There is a Task Force to Examine the Mortgage Lending Business.

(b) The Task Force consists of the following 17 members:

(1) Two members of the Senate of Maryland, appointed by the President of the Senate;

(2) Two members of the House of Delegates, appointed by the Speaker of the House;

(3) The Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation, or the Commissioner’s designee;

(4) One representative of the Attorney General’s Office, designated by the Attorney General; and

(5) Eleven members appointed jointly by the President of the Senate and the Speaker of the House of Delegates as follows:

(i) Two representatives of the mortgage loan industry who are actively engaged in the business of making mortgage loans, who may be selected from a list of names

submitted by the Maryland Mortgage Bankers Association;

(ii) Two representatives of the mortgage loan industry who are actively engaged in the business of mortgage brokering, who may be selected from a list of names submitted by the Maryland Association of Mortgage Brokers;

(iii) One representative of the banking industry who is actively engaged in the banking, savings banking, or savings association business, who may be selected from a list of names submitted by the Maryland Bankers Association;

(iv) Two representatives of financial services companies who are actively engaged in the business of mortgage secured consumer loans, who may be selected from a list of names submitted by the Maryland Financial Services Association; and

(v) Four members who are affiliated with recognized consumer protection groups or agencies.

(c) The President of the Senate and the Speaker of the House of Delegates shall each appoint a co-chairman of the Task Force.

(d) Staff support for the Task Force shall be provided by the Department of Fiscal Services and the Department of Legislative Reference.

(e) The purposes and responsibilities of the Task Force are to:

(1) Examine the incidence and scope of fraudulent practices by originators of loans which involve falsification of loan underwriting information and documents;

(2) Examine the effectiveness and enforcement of the laws of Maryland, in light of applicable federal laws and programs, to combat fraudulent practices in the mortgage origination industry, including practices undertaken solely for the benefit of the originator;

(3) Examine possible efforts to combat fraudulent practices, including the licensing of

(Over)

individual loan officers and additional disclosure requirements;

(4) Examine the legal relationship between mortgage lenders, mortgage brokers, and borrowers;

(5) Examine the maximum amount of fees, including points, loan origination fees, loan discount fees, and similar fees, that can be charged and collected at the time a secondary mortgage loan, including a revolving credit plan and a closed end credit plan, is entered into by a borrower; and

(6) Examine any other issue pertaining to the business of mortgage lending or brokering that the Task Force identifies as warranting examination.

(f) The Task Force shall develop recommendations and propose legislative, regulatory, and other changes required to implement the recommendations.

(g) On or before December 1, 1997, the Task Force shall submit a report on its findings and recommendations to:

(1) The Senate Finance Committee and the House Commerce and Government Matters Committee; and

(2) The Governor and, subject to the provisions of § 2-1312 of the State Government Article, the General Assembly.

(h) The members of the Task Force may not receive compensation but are entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(i) The Task Force shall terminate on January 31, 1998.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 1997.”;

in line 19, strike “2.” and substitute “4.”; and in the same line, after “That” insert “, except as provided in Section 3 of this Act.”.