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**By: Senator Astle**

Introduced and read first time: January 30, 1997

Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Disbursement of Loans Secured by Deeds of Trust or Mortgages**

3 FOR the purpose of requiring a lender to disburse any loan that is secured by a deed of  
4 trust or mortgage on real property located in the State in a certain manner; making  
5 stylistic changes; and generally relating to the disbursement of loans secured by  
6 deeds of trust and mortgages on real property.

7 BY repealing and reenacting, with amendments,  
8 Article - Real Property  
9 Section 7-109  
10 Annotated Code of Maryland  
11 (1996 Replacement Volume and 1996 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Real Property**

15 7-109.

16 [(a) This section applies only to a transaction involving a purchase money loan  
17 secured by first deeds of trust or mortgages on real property that contains no more than  
18 4 dwelling units.]

19 [(b)] (A) In any LOAN transaction [for the sale of real property] IN WHICH THE  
20 LOAN IS SECURED BY A DEED OF TRUST OR MORTGAGE ON REAL PROPERTY  
21 LOCATED IN THE STATE, on or before the day of closing, [a] THE lender shall disburse  
22 the loan to the agent responsible for settlement as provided in subsection [(c)] (B) of this  
23 section.

24 [(c)] (B) [A] THE lender shall disburse the loan to the agent responsible for  
25 settlement in the form of:

- 26 (1) Cash;
- 27 (2) Wired funds;
- 28 (3) A certified check; OR
- 29 (4) A check issued by a political subdivision[;

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1                   (5) A teller's check issued by a depository institution and drawn on another  
2 depository institution;

3                   (6) A cashier's check; or

4                   (7) A check drawn on a financial institution that is insured by FDIC  
5 (Federal Deposit Insurance Corporation), FSLIC (Federal Savings and Loan Insurance  
6 Corporation), or MDIF (State of Maryland Deposit Insurance Fund Corporation), and  
7 which is located in the 5th Federal Reserve District] OR ON BEHALF OF A  
8 GOVERNMENTAL ENTITY.

9                   [(d)] (C) If [the] A loan is not disbursed as provided in subsection [(c)] (B) of  
10 this section, [a] THE lender may not charge interest on [a] THE loan for the first 30  
11 days following the date of closing.

12                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 July 1, 1997.