

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 502 (Senator Astle)  
Judicial Proceedings

Referred to Economic Matters

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

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This amended bill restricts the disbursement methods of loan proceeds to cash, wired funds, a certified check, or a check issued by a political subdivision or on behalf of a governmental entity for loans (1) secured by a deed of trust or mortgage on real property located in the State; and (2) settled by an agent who is not an officer, director, employee, or affiliate of the lender. A financial institution insured by the FDIC, National Credit Union Administration, or Credit Union Insurance Corporation may also disburse the loan proceeds in the form of a teller's check, cashier's check, or a check drawn on a financial institution insured by the FDIC and located in the 5th Federal Reserve District. Under current law, a lender may disburse loans in any of the forms listed above.

The bill also removes the stipulation that real property loan disbursements apply only to transactions involving a purchase money loan secured by first deeds of trust or mortgages on real property that contain no more than four dwelling units.

This bill has an effective date of July 1, 1997.

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**Fiscal Summary**

**State Effect:** None. The bill does not directly affect governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** None. The bill does not materially affect financial institutions that are small businesses.

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**Information Source(s):** Department of Labor, Licensing, and Regulation (Office of Financial Regulation); Maryland Mortgage Broker Association

**Fiscal Note History:** First Reader - February 13, 1997

nrd Revised - Senate Third Reader - March 21, 1997

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