
By: **Delegates Opara and Faulkner (Task Force to Examine the Mortgage Lending Business)**

Introduced and read first time: January 23, 1998
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Credit - Mortgage Lending Business Reforms**

3 FOR the purpose of altering the manner in which certain points, loan origination fees,
4 commissions, finder's fees, or similar charges may be allocated between a
5 mortgage broker and a lender or credit grantor in certain loan transactions and
6 establishing an aggregate percentage cap on the amount of such charges;
7 altering the manner and permissible location in which certain loan transactions
8 secured by secondary mortgages or deeds of trust may be conducted, subject to
9 certain conditions; repealing certain licensing requirements relating to certain
10 credit grantors; specifying certain continuing education requirements for a
11 mortgage broker and a mortgage lender and its loan officers, subject to certain
12 regulations adopted by the Commissioner of Financial Regulation; requiring
13 certain persons to obtain fidelity bonds for certain purposes; requiring the
14 Commissioner of Financial Regulation to examine the use of the Maryland
15 Consumer Protection Act for certain purposes; altering the scope of certain
16 activities in the mortgage lending business that may constitute criminal
17 behavior; altering the manner in which certain loan funds may be disbursed at
18 settlement; and generally relating to certain practices and requirements related
19 to the conduct of the mortgage lending business in the State.

20 BY repealing and reenacting, with amendments,
21 Article - Commercial Law
22 Section 12-405, 12-804(a), 12-903(a), 12-915, and 12-1015
23 Annotated Code of Maryland
24 (1990 Replacement Volume and 1997 Supplement)

25 BY repealing and reenacting, without amendments,
26 Article - Financial Institutions
27 Section 11-507(d) and (e)
28 Annotated Code of Maryland
29 (1998 Replacement Volume)

30 BY repealing and reenacting, with amendments,

1 Article - Financial Institutions
2 Section 11-204, 11-505, 11-506, 11-507(c), 11-508, 11-511(b), 11-517, and
3 11-523
4 Annotated Code of Maryland
5 (1998 Replacement Volume)

6 BY repealing and reenacting, with amendments,
7 Article - Real Property
8 Section 7-109
9 Annotated Code of Maryland
10 (1996 Replacement Volume and 1997 Supplement)

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

13 **Article - Commercial Law**

14 12-405.

15 (a) (1) A lender may collect a loan origination fee [not exceeding the greater
16 of \$500 or 4 percent of the net proceeds of a commercial loan of \$75,000 or less made
17 under this subtitle or not exceeding \$250 or 2 percent of the net proceeds of any other
18 loan under this subtitle] FOR MAKING A LOAN UNDER THIS SUBTITLE ONLY AS
19 PROVIDED IN THIS SECTION.

20 (2) THE AGGREGATE AMOUNT OF THE LOAN ORIGINATION FEE IMPOSED
21 BY A LENDER UNDER THIS SECTION AND ANY FINDER'S FEE IMPOSED BY A BROKER
22 UNDER § 12-804 OF THIS ARTICLE MAY NOT EXCEED THE GREATER OF:

23 (I) \$500 OR 10 PERCENT OF THE NET PROCEEDS OF A COMMERCIAL
24 LOAN OF \$75,000 OR LESS MADE UNDER THIS SUBTITLE; OR

25 (II) \$250 OR 10 PERCENT OF THE NET PROCEEDS OF ANY OTHER
26 LOAN MADE UNDER THIS SUBTITLE.

27 (3) [However, the] A lender may not collect from the borrower any other
28 commission, finder's fee, or point for obtaining, procuring, or placing a loan UNDER
29 THIS SUBTITLE.

30 [(2)] (4) A lender who utilizes the provisions of § 12-404.1 of this title,
31 relating to federal second mortgage purchase programs, is not entitled to the
32 origination fee provided for in subsection [(a)(1)] (A)(2) of this section in addition to
33 the fees, discounts, points, or charges allowed under § 12-404.1(2). All other second
34 mortgage programs in this State are limited to the charges and fees provided in
35 subsection [(a)(1)] (A)(2) of this section.

36 (b) A lender may collect the fees paid to a public official or governmental
37 agency for recording or satisfying the instrument securing the loan.

1 (c) (1) A lender may collect from the borrower a delinquent or late charge of
2 the greater of \$2 or 5 percent of the amount of any delinquent or late periodic
3 installment, if:

4 (i) The delinquency has continued for at least 10 days; and

5 (ii) A delinquent or late charge has not already been charged for the
6 same delinquency.

7 (2) The lender shall deduct the charge from the next payment made by
8 the borrower.

9 12-804.

10 (a) A mortgage broker may charge a finder's fee THAT, IN COMBINATION WITH
11 ALL COMMISSIONS, FINDERS' FEES, AND POINTS FOR PROCURING A LOAN OR
12 ADVANCE THAT ARE CHARGED BY A LENDER OR CREDIT GRANTOR, IS not in excess of
13 [8] 10 percent of the amount of the loan or advance.

14 12-903.

15 (a) (1) A credit grantor may charge and collect interest or finance charges
16 under the plan on the outstanding unpaid indebtedness in the borrower's account
17 under the plan at any daily, weekly, monthly, annual, or other periodic percentage
18 rate as the agreement governing the plan provides, if the effective rate of simple
19 interest does not exceed 24 percent per year. The rate of interest chargeable on a plan
20 must be expressed in the agreement as a simple interest rate or rates.

21 (2) The repayment terms for a plan extended to a consumer borrower
22 may not include a provision under which the consumer borrower may be required to
23 pay a balloon payment at maturity. However, the adjustment of payment amounts,
24 due to fluctuations in unpaid balance or rate of interest, may not be deemed to result
25 in a balloon payment.

26 (3) If the plan is secured by a lien on residential real property, the credit
27 grantor may, in addition to the periodic percentage rate charge authorized under
28 subsection (a)(1) of this section, charge and collect at the time the plan is entered into
29 by the borrower points, loan origination fees, loan discount fees, and similar fees,
30 provided that:

31 (i) [All] THE COMBINATION OF ALL such fees CHARGED BY THE
32 LENDER OR CREDIT GRANTOR AND THE MORTGAGE BROKER may not exceed [2] 10
33 percent of the maximum amount of credit made available to the borrower under the
34 plan;

35 (ii) The documents evidencing the plan specifically enumerate any
36 such fees;

37 (iii) The borrower agrees in writing to pay those fees; and

1 (iv) The fees are disclosed to the borrower in accordance with the
2 federal Truth in Lending Act.

3 12-915.

4 (a) A credit grantor making a loan or extension of credit under this subtitle is
5 subject to the licensing, investigatory, enforcement and penalty provisions of Title 11,
6 Subtitle 3 of the Financial Institutions Article unless the credit grantor or the loan or
7 extension of credit is exempt under Title 11, Subtitle 3 of the Financial Institutions
8 Article.

9 (b) [In addition to any license which may be required by] NOTWITHSTANDING
10 subsection (a) of this section, a credit grantor making [a loan or extension of credit]
11 ONLY LOANS OR EXTENSIONS OF CREDIT under this subtitle secured by any lien on
12 residential real property is subject to the licensing, investigatory, enforcement and
13 penalty provisions of Title 11, Subtitle 5 of the Financial Institutions Article unless
14 the credit grantor or the loan or extension of credit is exempt under Title 11, Subtitle
15 5 of the Financial Institutions Article.

16 (c) If a license is required by this section, it shall be issued by the
17 Commissioner of Financial Regulation.

18 (d) (1) An extension of credit made under this subtitle prior to October 1,
19 1994 by a home improvement contractor may not be deemed unenforceable or
20 violative of this section because the contractor was not licensed under Title 11,
21 Subtitle 3 of the Financial Institutions Article.

22 (2) Paragraph (1) of this subsection does not apply to any person engaged
23 in the business of making loans at the time the credit was extended.

24 12-1015.

25 (a) A credit grantor making a loan or an extension of credit under this subtitle
26 is subject to the licensing, investigatory, enforcement and penalty provisions of Title
27 11, Subtitle 3 of the Financial Institutions Article unless the credit grantor or the loan
28 or extension of credit is exempt under Title 11, Subtitle 3 of the Financial Institutions
29 Article.

30 (b) [In addition to any license which may be required by] NOTWITHSTANDING
31 subsection (a) of this section, a credit grantor making [a loan or extension of credit]
32 ONLY LOANS OR EXTENSIONS OF CREDIT under this subtitle secured by any lien on
33 residential real property is subject to the licensing, investigatory, enforcement and
34 penalty provisions of Title 11, Subtitle 5 of the Financial Institutions Article unless
35 the credit grantor or the loan or extension of credit is exempt under Title 11, Subtitle
36 5 of the Financial Institutions Article.

37 (c) If a license is required by this section, it shall be issued by the
38 Commissioner of Financial Regulation.

1 (d) (1) An extension of credit made under this subtitle prior to October 1,
2 1994 by a home improvement contractor may not be deemed unenforceable or
3 violative of this section because the contractor was not licensed under Title 11,
4 Subtitle 3 of the Financial Institutions Article.

5 (2) Paragraph (1) of this subsection does not apply to any person engaged
6 in the business of making loans at the time the credit was extended.

7 **Article - Financial Institutions**

8 11-204.

9 (a) Unless a person is licensed by the Commissioner, the person may not:

10 (1) Make a loan; or

11 (2) In any way use any advantage provided by the Maryland Consumer
12 Loan Law.

13 (b) (1) A separate license is required for each place of business where a
14 person makes a loan or transacts any business under the Maryland Consumer Loan
15 Law.

16 (2) A person may not:

17 (i) Receive any application for a loan or allow any note or contract
18 for a loan to be signed at any place of business for which the person does not have a
19 license;

20 (ii) Conduct any business under the Maryland Consumer Loan Law
21 under a name different from the name that appears on the person's license; or

22 (iii) Evade the application of this section by any device, subterfuge,
23 or pretense of any kind.

24 (3) This subsection does not prohibit a licensee from accommodating a
25 borrower, at the borrower's PRIOR WRITTEN request, by:

26 (I) [making] MAKING a loan by mail because of the borrower's
27 sickness or hours of employment or for similar reasons; OR

28 (II) CONDUCTING ALL OR PART OF THE BUSINESS OF MAKING REAL
29 ESTATE SECURED LOANS:

30 1. BY MAIL, TELEPHONE, OR OTHER MEANS OF ELECTRONIC
31 COMMUNICATION; OR

32 2. AT A LOCATION REQUESTED BY THE BORROWER THAT IS
33 DIFFERENT THAN THE LICENSEE'S PLACE OF BUSINESS.

1 11-505.

2 (a) A license issued under this subtitle authorizes the licensee to act as a
3 mortgage lender under the license at the licensed place of business.

4 (b) Only 1 place of business may be maintained under any 1 license.

5 (c) A mortgage lender may maintain more than 1 license under this subtitle
6 provided that a separate application for each license is made pursuant to § 11-507 of
7 this subtitle and the Commissioner approves such application.

8 (d) (1) The Commissioner shall include on each license:

9 (i) The name of the licensee; and

10 (ii) The address at which the business is to be conducted.

11 (2) A person may not conduct any mortgage loan business at any location
12 or under any name different from the address and name that appears on the person's
13 license.

14 (e) (1) A licensee may not receive any application for a loan secured by a
15 secondary mortgage or deed of trust, or allow any note, or loan contract, mortgage, or
16 evidence of indebtedness secured by a secondary mortgage or deed of trust to be
17 signed or executed at any place for which the person does not have a license, except at
18 the office of:

19 (i) The attorney for the borrower or for the licensee; or

20 (ii) A title insurance company, a title company, or an attorney for a
21 title insurance company or a title company.

22 (2) Notwithstanding paragraph (1) of this subsection, IN ORDER TO
23 ACCOMMODATE THE BORROWER AT THE BORROWER'S PRIOR WRITTEN REQUEST, a
24 licensee may [accept a loan application from a borrower by mail or telephone or in
25 person at the borrower's residence or place of employment to accommodate the
26 borrower at the borrower's request] CONDUCT ALL OR PART OF THE BUSINESS OF
27 MAKING LOANS:

28 (I) BY MAIL, TELEPHONE, OR OTHER MEANS OF ELECTRONIC
29 COMMUNICATION; OR

30 (II) AT A LOCATION REQUESTED BY THE BORROWER THAT IS
31 DIFFERENT THAN THE LICENSEE'S PLACE OF BUSINESS.

32 (3) The Commissioner shall adopt regulations to ensure that the loan
33 application process is conducted fairly and in a manner consistent with the best
34 interests of both the borrower and mortgage lender.

35 (f) A license may be issued under this subtitle to a business entity whose
36 principal office is located outside this State provided that the business entity

1 maintains a resident agent within the State at all times during the term of the
2 license, regardless of whether:

- 3 (1) The business entity maintains any office within the State; or
4 (2) The activities of the business entity constitute doing business or
5 having a tax situs in this State under the applicable provisions of the Corporations
6 and Associations Article.

7 11-506.

8 (a) To qualify for a license, an applicant shall satisfy the Commissioner that
9 the applicant is of good moral character and has sufficient financial responsibility,
10 business experience, and general fitness to:

- 11 (1) Engage in business as a mortgage lender;
12 (2) Warrant the belief that the business will be conducted lawfully,
13 honestly, fairly, and efficiently; and
14 (3) Command the confidence of the public.
15 (b) (1) To qualify for a license, the applicant shall satisfy the Commissioner
16 that the applicant has:

17 (I) [at] AT least 3 years of experience in the mortgage lending
18 business; AND

19 (II) SATISFIED ANY REQUIREMENTS FOR CONTINUING EDUCATION
20 IMPOSED BY REGULATION ADOPTED BY THE COMMISSIONER OF FINANCIAL
21 REGULATION UPON A MORTGAGE BROKER OR A MORTGAGE LENDER AND THEIR
22 EMPLOYEES.

23 (2) If the applicant is a sole proprietor, the applicant shall have the
24 required experience.

25 (3) If the applicant is a joint venture, or general or limited partnership,
26 at least one of the coventurers or general partners shall have the required experience.

27 (4) If the applicant is a business entity of any other kind, type, or
28 classification, at least one of the principal officers or members shall have the required
29 experience.

30 (c) The Commissioner may deny an application for a license to any person who
31 has been officially reprimanded or has committed any act that would be a ground for
32 suspension or revocation of a license under this subtitle.

33 11-507.

34 (c) For each license for which an applicant applies, the applicant shall:

- 1 (1) Submit a separate application;
- 2 (2) Pay a separate license fee;
- 3 (3) If applicable, pay the surcharge; and
- 4 (4) File a separate surety bond or other financial guaranty AND
- 5 FIDELITY BOND under § 11-508 of this subtitle.

6 (d) In addition to any sanctions that may be imposed under this subtitle by the
7 Commissioner, a nonrefundable surcharge of \$500 shall be paid with an application if
8 the applicant has begun acting as a mortgage lender without a license at the location
9 for which an application is filed.

10 (e) A person who knowingly makes a false statement under oath on an
11 application filed with the Commissioner under this section is guilty of perjury and,
12 upon conviction, is subject to the penalties set forth in Article 27, § 439 of the Code.

13 11-508.

14 (a) An applicant for a new license or for the renewal of a license shall file [a
15 surety bond] with each original application and any renewal application for the
16 license:

17 (1) A SURETY BOND; AND

18 (2) A BLANKET FIDELITY BOND IN THE AMOUNT OF \$ _____ COVERING
19 ALL EMPLOYEES OF THE MORTGAGE LENDING BUSINESS.

20 (b) (1) The surety bond shall:

21 (1) Run to the Commissioner] BE for the benefit of any person who has
22 been damaged by a violation committed by a licensee of any law or regulation
23 governing the activities of mortgage lenders[;].

24 (2) THE FIDELITY BOND SHALL BE FOR THE BENEFIT OF THE
25 EMPLOYER LICENSEE WHO SUFFERS A LOSS AS DESCRIBED IN PARAGRAPH (1) OF
26 THIS SUBSECTION.

27 (3) EACH BOND SUBJECT TO THIS SUBSECTION SHALL:

28 [(2)] (I) Be issued by a surety company authorized to do business in the
29 State;

30 [(3)] (II) Be conditioned that the applicant shall comply with all
31 Maryland laws regulating the activities of mortgage lenders and mortgage loan
32 lending; and

33 [(4)] (III) Be approved by the Commissioner.

1 (c) If an applicant has not conducted a mortgage lending business any time
2 during the 36 months prior to the filing of an original application for a license, the
3 applicant shall provide a sworn statement setting forth that fact, and shall file with
4 the original application a surety bond in the amount of \$15,000.

5 (d) (1) If an applicant has conducted a mortgage lending business any time
6 during the 36 months prior to the filing of an original or renewal application, the
7 applicant shall provide a sworn statement setting forth the aggregate principal
8 amount of mortgage loans secured or to be secured by property located in Maryland
9 and applied for and accepted or mortgage loans secured or to be secured by property
10 located in Maryland and applied for, procured, and accepted by the mortgage lender
11 during the 12 months immediately preceding the month in which the application is
12 filed.

13 (2) If an applicant has conducted a mortgage lending business any time
14 during the 36 months prior to the filing of an original application, but during that
15 time has not acted as a mortgage lender in Maryland, the applicant shall provide with
16 the original application a sworn statement setting forth the aggregate principal
17 amount of loans secured or to be secured by residential real property located in states
18 other than Maryland and applied for, procured, and accepted by the mortgage lender
19 during the 12 months preceding the month in which the application is filed.

20 (3) Except as provided in subsections (c) and (e) of this section, the
21 applicant shall file with the original or renewal application:

22 (i) Where the aggregate principal amount of loans set forth in the
23 sworn statement was \$3,000,000 or less, a surety bond in the amount of \$25,000;

24 (ii) Where the aggregate principal amount of loans set forth in the
25 sworn statement was more than \$3,000,000 but not more than \$10,000,000, a surety
26 bond in the amount of \$50,000; and

27 (iii) Where the aggregate principal amount of loans set forth in the
28 sworn statement was more than \$10,000,000, a surety bond in the amount of \$75,000.

29 (e) Notwithstanding any other provisions of this section, and subject to
30 approval by the Commissioner, if an applicant files five or more original or renewal
31 applications at the same time, the applicant may provide a blanket surety bond for all
32 licensed offices in the amount of \$375,000.

33 (f) Subject to approval by the Commissioner, an applicant for license who files
34 an application for a new license or for the renewal of a license may satisfy the
35 [bonding] SURETY BOND requirement under this section by establishing a trust
36 account with or obtaining an irrevocable letter of credit from a financial institution
37 insured by the Federal Deposit Insurance Corporation in an amount equal to the bond
38 required under this section.

39 (g) The Commissioner may adopt regulations reasonably necessary to assure
40 that the proper surety bond amount established by this section is maintained by each

1 licensee throughout each licensing term. The regulations may provide for periodic
2 reporting, recalculation, and enforcement of required bond amounts.

3 11-511.

4 (b) On or before December 1 of the year of expiration, a license may be
5 renewed for an additional 2-year term, if the licensee:

6 (1) Otherwise is entitled to be licensed;

7 (2) Pays to the Commissioner a renewal fee of \$1,000;

8 (3) Submits to the Commissioner a renewal application on the form that
9 the Commissioner requires; and

10 (4) Files a SURETY BOND AND FIDELITY bond or bond continuation
11 [certificate] CERTIFICATES for the [amount] AMOUNTS required under § 11-508 of
12 this subtitle.

13 11-517.

14 (a) Subject to the hearing provisions of § 11-518 of this subtitle, the
15 Commissioner may suspend or revoke the license of any licensee if the licensee or any
16 owner, director, officer, member, partner, stockholder, employee, or agent of the
17 licensee:

18 (1) Makes any material misstatement in an application for a license;

19 (2) Has been convicted of any crime of moral turpitude;

20 (3) In connection with any mortgage loan or loan application transaction:

21 (i) Commits any fraud;

22 (ii) Engages in any illegal or dishonest activities; or

23 (iii) Misrepresents or fails to disclose any material facts to anyone
24 entitled to that information;

25 (4) Violates any provision of this subtitle or any rule or regulation
26 adopted under it or any other law regulating mortgage loan lending in the State; or

27 (5) Otherwise demonstrates unworthiness, bad faith, dishonesty, or any
28 other quality that indicates that the business of the licensee has not been or will not
29 be conducted honestly, fairly, equitably, and efficiently.

30 (b) (1) The Commissioner may enforce the provisions of this subtitle,
31 regulations adopted under § 11-503, and the applicable provisions of Title 12 of the
32 Maryland Commercial Law Article by issuing an order:

1 (i) To cease and desist from the violation and any further similar
2 violations; and

3 (ii) Requiring the violator to take affirmative action to correct the
4 violation including the restitution of money or property to any person aggrieved by
5 the violation.

6 (2) If a violator fails to comply with an order issued under paragraph (1)
7 of this subsection, the Commissioner may impose a civil penalty of up to \$1,000 for
8 each violation from which the violator failed to cease and desist or for which the
9 violator failed to take affirmative action to correct.

10 (c) The Commissioner may file a petition in the circuit court for any county
11 seeking enforcement of an order issued under this section.

12 (d) In determining the amount of financial penalty to be imposed under
13 subsection (b) of this section, the Commissioner shall consider the following:

14 (1) The seriousness of the violation;

15 (2) The good faith of the violator;

16 (3) The violator's history of previous violations;

17 (4) The deleterious effect of the violation on the public and mortgage
18 industry;

19 (5) The assets of the violator; and

20 (6) Any other factors relevant to the determination of the financial
21 penalty.

22 (E) IN CONSULTATION WITH THE DIVISION OF CONSUMER PROTECTION OF
23 THE OFFICE OF THE ATTORNEY GENERAL, THE COMMISSIONER SHALL EXAMINE
24 AND ENCOURAGE AFFECTED PARTIES TO UTILIZE THE MARYLAND CONSUMER
25 PROTECTION ACT, TITLE 13 OF THE COMMERCIAL LAW ARTICLE OF THE CODE, TO
26 ADDRESS AND COMBAT ANY PRACTICE OF THE MORTGAGE LENDING BUSINESS
27 THAT, THOUGH NOT FRAUDULENT, IS UNSCRUPULOUS.

28 11-523.

29 (a) Any person who willfully violates any provision of this subtitle or any rule
30 or regulation adopted under it is guilty of a misdemeanor and on conviction is subject
31 to a fine not exceeding \$5,000 or imprisonment not exceeding 1 year or both.

32 (b) Any unlicensed person who is not exempt from licensing under this
33 subtitle who makes or assists a borrower in obtaining a mortgage loan in violation of
34 this subtitle may collect only the principal amount of the loan and may not collect any
35 interest, costs, finder's fees, broker fees, or other charges with respect to the loan.

1 (c) Any mortgage lender OR EMPLOYEE OR AGENT OF A MORTGAGE LENDER
2 who willfully misappropriates [or otherwise] intentionally and fraudulently converts
3 to the mortgage lender's OR TO THE MORTGAGE LENDER'S EMPLOYEE'S OR AGENT'S
4 own use moneys in excess of \$300 rightfully belonging to a borrower, OR WHO
5 OTHERWISE COMMITS ANY FRAUDULENT ACT IN THE COURSE OF ENGAGING IN THE
6 MORTGAGE LENDING BUSINESS is guilty of a felony and on conviction is subject to a
7 fine not to exceed \$100,000 or imprisonment not exceeding 15 years or both.

8

Article - Real Property

9 7-109.

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

13 (b) (1) In any LOAN transaction [for the sale of real property] IN WHICH
14 THE LOAN IS SECURED BY A PURCHASE MONEY MORTGAGE OR DEED OF TRUST ON
15 REAL PROPERTY LOCATED IN THIS STATE, on or before the day of closing, [a] THE
16 lender shall disburse the loan to the agent responsible for settlement as provided in
17 subsection [(c)] (B) of this section.

18 (2) IN ANY LOAN TRANSACTION IN WHICH THE LOAN IS SECURED BY A
19 SECONDARY DEED OF TRUST OR MORTGAGE ON REAL PROPERTY, ON OR BEFORE THE
20 DAY OF CLOSING THE AGENT RESPONSIBLE FOR SETTLEMENT MAY REQUIRE THE
21 LENDER TO DISBURSE THE LOAN AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

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

24 (1) Cash;

25 (2) Wired funds;

26 (3) A certified check;

27 (4) A check issued by a political subdivision OR ON BEHALF OF A
28 GOVERNMENTAL ENTITY;

29 (5) A teller's check issued by a depository institution and drawn on
30 another depository institution; OR

31 (6) A cashier's check[; or

32 (7) A check drawn on a financial institution that is insured by FDIC
33 (Federal Deposit Insurance Corporation), FSLIC (Federal Savings and Loan
34 Insurance Corporation), or MDIF (State of Maryland Deposit Insurance Fund
35 Corporation), and which is located in the 5th Federal Reserve District].

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 1998.