

SENATE BILL 222

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1999 Regular Session
9r1548
CF 9r1857

By: **Senator Astle**

Introduced and read first time: February 1, 1999

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 5, 1999

CHAPTER _____

1 AN ACT concerning

2 **Mortgage Lending - Private Mortgage Insurance**

3 FOR the purpose of ~~altering~~ repealing certain provisions of State law relating to
4 private mortgage insurance ~~to conform to the provisions of the federal~~
5 ~~Homeowners Protection Act of 1998~~; providing for the effective date of this Act;
6 and generally relating to private mortgage insurance.

7 BY repealing ~~and reenacting, with amendments,~~
8 Article - Commercial Law
9 Section 12-106(d)
10 Annotated Code of Maryland
11 (1990 Replacement Volume and 1998 Supplement)

12 BY repealing ~~and reenacting, with amendments,~~
13 Article - Financial Institutions
14 Section 5-508 and 9-903
15 Annotated Code of Maryland
16 (1998 Replacement Volume and 1998 Supplement)

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

1

Article - Commercial Law

2 12-106.

3 [(d) (1) At the time of application for a loan under this title secured by
4 residential real property, the lender shall furnish to the borrower a clear and
5 conspicuous written statement, in print not smaller than 10 point type, specifying
6 that if private mortgage insurance is required to be purchased as a condition for
7 making the loan, the borrower may be eligible to request that under appropriate
8 circumstances the private mortgage insurance be canceled. The statement shall be
9 signed by the borrower and a copy shall be furnished to the borrower.]

10 ~~(2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO ANY LOAN
11 SUBJECT TO THE DISCLOSURE PROVISIONS OF THE FEDERAL HOMEOWNERS
12 PROTECTION ACT OF 1998, IF THE LENDER COMPLIES AT LOAN CONSUMMATION
13 WITH THE DISCLOSURE REQUIREMENTS OF THE ACT.~~

14

Article - Financial Institutions

15 [5-508.

16 If a banking institution holds a first mortgage on residential property and a
17 private mortgage insurance corporation partially insures the mortgage, the banking
18 institution shall eliminate all charges to the mortgagor for mortgage insurance
19 premiums when the mortgage is reduced to the level at which the $\frac{1}{2}$ insurance
20 corporation has no outstanding liability.] ~~FEDERAL HOMEOWNERS PROTECTION ACT
21 OF 1998 REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE
22 INSURING THE MORTGAGE.~~

23 [9-903.

24 If a savings and loan association holds a first mortgage on residential property,
25 and the mortgage is partially insured by a private mortgage insurance company, the
26 association shall eliminate all charges to the mortgagor for mortgage insurance
27 premiums when the mortgage is reduced to the level at which the $\frac{1}{2}$ insurance
28 company is no longer liable.] ~~FEDERAL HOMEOWNERS PROTECTION ACT OF 1998
29 REQUIRES TERMINATION OF THE PRIVATE MORTGAGE INSURANCE INSURING THE
30 MORTGAGE.~~

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 29, 1999.

