

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 975 (Delegate Kach)
Commerce and Government Matters

Credit Regulation - Secondary Mortgage Loans - Credit Provisions

This bill provides that fees collected by a third party, other than a lender or loan broker, for services rendered to a borrower or lender in connection with a secondary mortgage loan are not regulated and such fees may not be included in the computation of permitted fees collected by or for a lender.

Under current law, except for a bona fide error of computation, a lender who violates the credit provisions of the secondary loan law may collect only the principal amount of the loan and may not collect interest, costs, or other charges. This bill permits a violator to also collect the fees paid to third parties for services rendered in connection with the loan.

The bill provides that the General Assembly intends third party fees to include fees charged for services rendered in connection to a loan by title companies, pest inspectors, well and septic inspectors, surveyors, title abstractors, appraisers, credit reporting agencies, and lawyers.

The bill also alters the definitions of “lien on real property” and “secondary mortgage loan.”

Fiscal Summary

State Effect: None. This bill would not directly affect State finances.

Local Effect: None.

Small Business Effect: Minimal.

Information Source: Department of Labor, Licensing, and Regulation (Division of Financial Regulation)

Fiscal Note History:

First Reader - March 4, 1999

dmm/jr

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