

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

House Bill 427 (Delegate Krvsiak)

Economic Matters

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**Mortgage Lending - Private Mortgage Insurance**

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This bill requires a banking institution or a savings and loan association that holds a first mortgage on residential property, where a private mortgage insurance corporation partially insures the mortgage, to eliminate all charges to the mortgagor for mortgage insurance premiums when the mortgage is reduced to the level at which the federal Homeowners Protection Act of 1998 requires termination of the private mortgage insurance. Under current law a banking institution or a savings and loan association must eliminate all charges when the mortgage is reduced to the level at which the insurance corporation has no outstanding liability. The federal Homeowners Protection Act of 1998 requires termination for a residential mortgage when the principal balance is first scheduled to reach 78% of the original value of the property securing the loan, subject to certain exceptions for high-risk loans.

Moreover, the bill repeals the disclosure requirements in Maryland law relating to private mortgage insurance. Consequently, the disclosure provisions of the federal Homeowners Protection Act of 1998 would apply.

The bill is effective July 29, 1999.

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**Fiscal Summary**

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

**Local Effect:** None.

**Small Business Effect:** None.

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**Information Source:** Department of Labor, Licensing, and Regulation

**Fiscal Note History:**

First Reader - February 16, 1999

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Revised - House Third Reader - March 18, 1999

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