

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

Senate Bill 827  
Finance

(Senator Conway)

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**Credit Regulation - Mortgage Brokers - Fees**

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This bill prohibits a mortgage broker who accepts a fee from a borrower for placing a loan from accepting a fee from a loan originator for the same transaction if the fee from the loan originator is based on: (1) the interest rate of the loan; or (2) the number of points associated with the loan. The bill also provides that a mortgage broker who accepts a fee from a loan originator based on a loan's interest rate or the number of points associated with a loan is an agent of the loan originator. Such a mortgage broker must disclose the agency relationship to the borrower.

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**Fiscal Summary**

**State Effect:** Enforcement could be handled by the Division of Financial Regulation with existing resources.

**Local Effect:** None.

**Small Business Effect:** Meaningful.

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**Analysis**

**Current Law:** In addition to attorney's fees and other fees authorized by law, a mortgage broker may charge a finder's fee of up to 8% of the amount of a loan or advance. A mortgage broker may also charge a borrower for the actual cost of any appraisal or credit report that the mortgage broker obtains. A mortgage broker may not charge a finder's fee in a transaction in which the broker or an owner, partner, director,

officer, or employee of the broker is the lender or an owner, partner, director, officer, or employee of the lender.

**Small Business Effect:** Fee revenues could decrease for small mortgage brokerage businesses.

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### **Additional Information**

**Prior Introductions:** An identical bill, HB 885, was introduced in the 2001 session and received an unfavorable report from the House Commerce and Government Matters Committee.

**Cross File:** Although not identified as a cross file, HB 1323 is identical.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2002  
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