
By: **Delegates Carter, Anderson, Burns, C. Davis, Fulton, Haynes, Kelley,
Kelly, King, Mandel, Oaks, Patterson, and Taylor**

Introduced and read first time: February 9, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation - Mortgage Brokers - Fees**

3 FOR the purpose of prohibiting a mortgage broker who accepts a fee from a borrower
4 for placing a loan from accepting a fee from a loan originator in the same
5 transaction under certain circumstances; providing that a mortgage broker who
6 accepts a certain fee from a loan originator is an agent of the loan originator and
7 must disclose the agency relationship to the borrower; and generally relating to
8 mortgage brokers' fees.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 12-804
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2003 Supplement)

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

16 **Article - Commercial Law**

17 12-804.

18 (a) A mortgage broker may charge a finder's fee not in excess of 8 percent of
19 the amount of the loan or advance.

20 (b) In addition to a finder's fee, a mortgage broker may charge a borrower for
21 the actual cost of any appraisal or credit report obtained by the mortgage broker.

22 (c) A mortgage broker obtaining a mortgage loan with respect to the same
23 property more than once within a 24-month period may charge a finder's fee only on
24 so much of the loan as is in excess of the initial loan.

25 (d) The provisions of this section do not apply to:

1 (1) The charging of fees and charges otherwise permitted under this
2 title; or

3 (2) Attorney's fees unless the attorney is functioning as a mortgage
4 broker.

5 (e) A mortgage broker may not charge a finder's fee in any transaction in
6 which the mortgage broker or an owner, part owner, partner, director, officer, or
7 employee of the mortgage broker is the lender or an owner, part owner, partner,
8 director, officer, or employee of the lender.

9 (F) (1) A MORTGAGE BROKER WHO ACCEPTS A FEE FROM A BORROWER FOR
10 PLACING A LOAN MAY NOT ACCEPT A FEE FROM A LOAN ORIGINATOR IN THE SAME
11 TRANSACTION IF THE FEE FROM THE LOAN ORIGINATOR IS BASED ON THE INTEREST
12 RATE OF THE LOAN OR THE NUMBER OF POINTS ASSOCIATED WITH THE LOAN.

13 (2) A MORTGAGE BROKER WHO ACCEPTS A FEE FROM A LOAN
14 ORIGINATOR THAT IS BASED ON THE INTEREST RATE OF A LOAN OR THE NUMBER OF
15 POINTS ASSOCIATED WITH A LOAN IS AN AGENT OF THE LOAN ORIGINATOR AND
16 MUST DISCLOSE THE AGENCY RELATIONSHIP TO THE BORROWER.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
18 effect October 1, 2004.