
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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 3, 2004

CHAPTER _____

1 AN ACT concerning

2 **Credit Regulation - Mortgage Brokers - Disclosure of 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~~ from accepting a fee from a loan
8 originator that is based on the interest rate of a loan or the number of points
9 associated with a loan unless the broker has disclosed certain information to the
10 borrower in a certain manner; and generally relating to mortgage brokers' fees.

11 BY repealing and reenacting, with amendments,
12 Article - Commercial Law
13 Section 12-804
14 Annotated Code of Maryland
15 (2000 Replacement Volume and 2003 Supplement)

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

18 **Article - Commercial Law**

19 12-804.

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

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

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

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

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

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

11 (e) (1) A mortgage broker may not charge a finder's fee in any transaction in
12 which the mortgage broker or an owner, part owner, partner, director, officer, or
13 employee of the mortgage broker is the lender or an owner, part owner, partner,
14 director, officer, or employee of the lender.

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

19 (2) ~~A MORTGAGE BROKER WHO ACCEPTS MAY NOT ACCEPT A FEE FROM~~
20 ~~A LOAN ORIGINATOR THAT IS BASED ON THE INTEREST RATE OF A LOAN OR THE~~
21 ~~NUMBER OF POINTS ASSOCIATED WITH A LOAN IS AN AGENT OF THE LOAN~~
22 ~~ORIGINATOR AND MUST DISCLOSE THE AGENCY RELATIONSHIP UNLESS THE~~
23 ~~MORTGAGE BROKER HAS DISCLOSED THE MAXIMUM AMOUNT OF THE FEE AND THE~~
24 ~~METHOD AND BASIS OF ITS CALCULATION TO THE BORROWER IN THE SEPARATE~~
25 ~~WRITTEN AGREEMENT REQUIRED UNDER § 12-805(D) OF THIS SUBTITLE.~~

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