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By: Senator Astle

Introduced and read first time: February 6, 2004

Assigned to: Finance

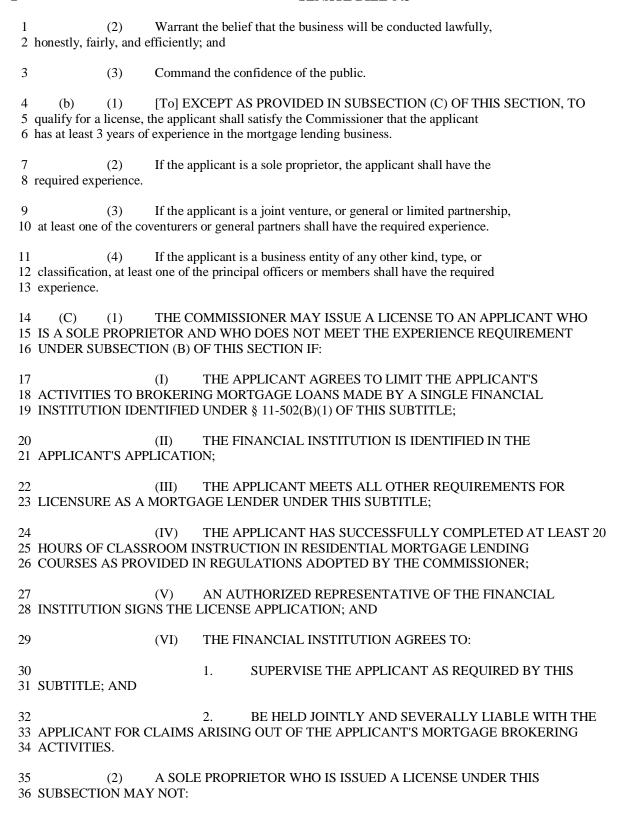
## A BILL ENTITLED

1 AN ACT conc	erning
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## 2 Mortgage Lenders - Sole Proprietors - Qualifications for Licensure

- 3 FOR the purpose of authorizing the Commissioner of Financial Regulation to issue a
- 4 mortgage lender license to an applicant who is a sole proprietor and who does
- 5 not meet a certain experience requirement under certain circumstances;
- 6 specifying the conditions under which a sole proprietor may be licensed under
- 7 this Act; prohibiting a sole proprietor who is licensed under this Act from aiding
- 8 or assisting a borrower to obtain a loan from a financial institution other than
- 9 the financial institution identified in the license application; prohibiting a sole
- 10 proprietor who is licensed under this Act from being compensated for mortgage
- brokerage activities on a certain basis; prohibiting a sole proprietor who is
- 12 licensed under this Act from handling borrower or other third party funds in
- connection with the brokering or closing of a mortgage loan with a certain
- exception; prohibiting a sole proprietor who is licensed under this Act from
- making mortgage loans; and generally relating to the qualifications for licensure
- of sole proprietors as mortgage lenders.
- 17 BY repealing and reenacting, with amendments,
- 18 Article Financial Institutions
- 19 Section 11-506
- 20 Annotated Code of Maryland
- 21 (2003 Replacement Volume)
- 22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 23 MARYLAND, That the Laws of Maryland read as follows:
- 24 Article Financial Institutions
- 25 11-506.
- 26 (a) To qualify for a license, an applicant shall satisfy the Commissioner that
- 27 the applicant is of good moral character and has sufficient financial responsibility,
- 28 business experience, and general fitness to:
- 29 (1) Engage in business as a mortgage lender;

## **SENATE BILL 643**



## **SENATE BILL 643**

- 1 (I) AID OR ASSIST A BORROWER TO OBTAIN A LOAN FROM A 2 FINANCIAL INSTITUTION OTHER THAN THE FINANCIAL INSTITUTION IDENTIFIED IN 3 THE APPLICATION FOR THE LICENSE; 4 (II)BE COMPENSATED FOR MORTGAGE BROKERAGE ACTIVITIES ON 5 A BASIS THAT DEPENDS ON THE LOAN AMOUNT, INTEREST RATE, FEES, OR OTHER 6 TERMS OF THE BROKERED LOAN; 7 (III) HANDLE BORROWER OR OTHER THIRD PARTY FUNDS IN 8 CONNECTION WITH THE BROKERING OR CLOSING OF MORTGAGE LOANS, EXCEPT 9 THAT THE SOLE PROPRIETOR MAY FORWARD TO THE FINANCIAL INSTITUTION A 10 CHECK FROM THE BORROWER MADE PAYABLE TO THE FINANCIAL INSTITUTION FOR
- 12 (IV) MAKE MORTGAGE LOANS.
- 13 [(c)] (D) The Commissioner may deny an application for a license to any 14 person who has been officially reprimanded or has committed any act that would be a 15 ground for suspension or revocation of a license under this subtitle.

11 COSTS IN CONNECTION WITH AN APPLICATION FOR A MORTGAGE LOAN; OR

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