

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1025  
Economic Matters

(Delegate Wood, *et al.*)

Finance

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Commercial Law - Mortgage Brokers - Compensation and Finder's Fees

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This bill provides that a mortgage broker who closes a mortgage loan in the broker's own name in a table funded transaction is not considered a lender. The broker is authorized to charge a finder's fee in these transactions if the broker at or before the closing: (1) advises the borrower in writing that the mortgage broker is not the actual lender; and (2) discloses the name and address of the actual lender.

The bill expresses the General Assembly's intent not to regulate fees charged by a person named as a lender in a note, mortgage, deed of trust, or other evidence of indebtedness.

The bill takes effect June 1, 2004.

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**Fiscal Summary**

**State Effect:** The bill would not directly affect the operations or finances of the Commissioner of Financial Regulation.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** A finder's fee of a mortgage broker is compensation or a commission directly or indirectly imposed by a broker and paid by or on behalf of the borrower for the broker's services in procuring, arranging, or otherwise assisting a borrower in

obtaining a loan or advance of money. A mortgage broker may charge a finder's fee of up to 8% of the amount of the loan or advance brokered. However, a mortgage broker may not receive a finder's fee in the form of a note, mortgage, or other evidence of indebtedness. Further, a mortgage broker may not charge a finder's fee in any transaction in which the mortgage broker or an owner, part owner, partner, director, officer, or employee of the mortgage broker is the lender or an owner, part owner, partner, director, officer, or employee of the lender.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2004  
lc/mdr Revised - House Third Reader - April 10, 2004

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