

HOUSE BILL 1107

I2

7lr2566

By: **Delegates Feldman, Miller, and Vaughn**

Introduced and read first time: February 14, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

Credit Regulation – Mortgage Brokers – Finder’s Fee

3 FOR the purpose of clarifying that certain limitations on a mortgage broker’s ability to
4 charge and collect a finder’s fee when obtaining more than one loan secured by
5 the same property within a certain time period applies only if the second loan is
6 obtained for a certain borrower and is for certain purposes or is a certain
7 covered loan; defining a certain term; and generally relating to mortgage
8 brokers’ finder’s fees.

9 BY repealing and reenacting, with amendments,

10 Article – Commercial Law

11 Section 12-804

12 Annotated Code of Maryland

13 (2005 Replacement Volume and 2006 Supplement)

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

Article – Commercial Law

17 12-804.

18 (A) **IN THIS SECTION, “COVERED LOAN” MEANS A MORTGAGE LOAN**
19 **THAT MEETS THE CRITERIA FOR A LOAN SUBJECT TO THE FEDERAL HOME**
20 **OWNERSHIP EQUITY PROTECTION ACT SET FORTH IN 15 U.S.C. § 1602(aa), AS**
21 **MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R. PART 226,**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **EXCEPT THAT THE COMPARISON PERCENTAGES FOR THE MORTGAGE LOAN**
2 **SHALL BE ONE PERCENTAGE POINT LESS THAN THOSE SPECIFIED IN 15 U.S.C. §**
3 **1602(aa), AS MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R.**
4 **PART 226.**

5 [(a)] **(B)** A mortgage broker may charge a finder's fee not in excess of 8
6 percent of the amount of the loan or advance.

7 [(b)] **(C)** In addition to a finder's fee, a mortgage broker may charge a
8 borrower for the actual cost of any appraisal or credit report obtained by the mortgage
9 broker.

10 [(c)] **(D)** A mortgage broker obtaining a mortgage loan with respect to the
11 same property more than once within a 24-month period may charge a finder's fee
12 only on so much of the loan as is in excess of the initial loan **IF THE SECOND LOAN:**

13 **(1) IS OBTAINED FOR THE SAME BORROWER AS UNDER THE**
14 **INITIAL LOAN; AND**

15 **(2) (I) IS OBTAINED TO CURE A DEFAULT THAT HAS BEEN IN**
16 **EXISTENCE FOR MORE THAN 30 DAYS ON THE LOAN THAT IS BEING**
17 **REFINANCED; OR**

18 **(II) IS A COVERED LOAN.**

19 [(d)] **(E)** The provisions of this section do not apply to:

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

22 **(2)** Attorney's fees unless the attorney is functioning as a mortgage
23 broker.

24 [(e)] **(F)** A mortgage broker may not charge a finder's fee in any transaction
25 in which the mortgage broker or an owner, part owner, partner, director, officer, or
26 employee of the mortgage broker is the lender or an owner, part owner, partner,
27 director, officer, or employee of the lender.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2007.