

HOUSE BILL 1107

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

Introduced and read first time: February 14, 2007

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 26, 2007

Committee Report: Favorable

House action: Adopted

Read second time: March 19, 2007

CHAPTER _____

1 AN ACT concerning

2 **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:

16 **Article – Commercial Law**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 12-804.

2 (A) IN THIS SECTION, "COVERED LOAN" MEANS A MORTGAGE LOAN
3 THAT MEETS THE CRITERIA FOR A LOAN SUBJECT TO THE FEDERAL HOME
4 OWNERSHIP EQUITY PROTECTION ACT SET FORTH IN 15 U.S.C. § 1602(AA), AS
5 MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R. PART 226,
6 EXCEPT THAT THE COMPARISON PERCENTAGES FOR THE MORTGAGE LOAN
7 SHALL BE ONE PERCENTAGE POINT LESS THAN THOSE SPECIFIED IN 15 U.S.C. §
8 1602(AA), AS MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R.
9 PART 226.

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

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

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

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

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

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

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

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

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

29 [(e)] (F) A mortgage broker may not charge a finder's fee in any transaction
30 in which the mortgage broker or an owner, part owner, partner, director, officer, or

1 employee of the mortgage broker is the lender or an owner, part owner, partner,
2 director, officer, or employee of the lender.

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.