

SB0270/613397/1

BY: Economic Matters Committee

AMENDMENTS TO SENATE BILL 270
(Third Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 11, after “Act;” insert “providing that certain licensing, examination, and investigation fees shall remain in effect until the fees set by regulation by the Commissioner take effect; providing for the effective dates of this Act;”; in line 22, strike the comma; in line 39, after the first comma insert “11-603(c),”; and in the same line, before the second “and” insert “11-613(b),”.

On page 3, after line 9, insert:

“BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 11-508.1

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

(As enacted by Section 2 of this Act)”.

AMENDMENT NO. 2

On page 21, in line 3, strike “**NO**” and substitute “**NOT**”; in line 7, strike “**NO**” and substitute “**NOT**”; in line 8, after “**PROPERTY;**” insert “**AND**”; in lines 11 and 12, strike “**BUT NO MORE THAN \$10,000,000**”; strike beginning with “**; AND**” in line 12 down through “**PROPERTY**” in line 16; and in line 17, strike “**THE**” and substitute “**SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE**”.

On page 22, in line 3, after “**(3)**” insert “**(1)**”; and after line 6, insert:

(Over)

“(II) A LINE OF CREDIT MAY NOT BE USED TOWARD SATISFYING MORE THAN 75% OF THE MINIMUM NET WORTH REQUIREMENTS UNDER SUBSECTION (A)(2) OF THIS SECTION.”.

AMENDMENT NO. 3

On page 23, after line 13, insert:

“11-603.

(c) (1) The Commissioner shall include on each license:

(i) The name of the licensee; and

(ii) The name of the licensee’s employer.

(2) Unless the licensee notifies the Commissioner in writing in advance of a change in the licensee’s name or the licensee’s employer and pays to the Commissioner a license amendment fee [of \$75] SET BY THE COMMISSIONER for each notice provided under this paragraph, an individual may not act as a mortgage originator under a name or for an employer that is different from the name and employer that appear on the license.”.

On page 25, after line 2, insert:

“11-613.

(b) A licensee shall pay to the Commissioner a PER-DAY fee [of not more than \$250 per day] SET BY THE COMMISSIONER for each of the Commissioner’s employees engaged in any investigation conducted under this section that [results in the discovery of a violation of this subtitle by the licensee] THE COMMISSIONER REASONABLY CONSIDERS NECESSARY.”.

On page 26, after line 17, insert:

“SECTION 6. AND BE IT FURTHER ENACTED, That, notwithstanding Section 2 of this Act, the fee relating to the licensing, examination, and investigation

of mortgage lenders and mortgage originators under §§ 11-507(b), 11-511(b), 11-515(c), 11-603(c), 11-606(b), 11-609(b), and 11-613(b) of the Financial Institutions Article are in effect on June 1, 2008, shall remain in effect until the fees set by regulation by the Commissioner of Financial Regulation, as required under this Act, take effect.

SECTION 7. AND BE IT FURTHER ENACTED, That:

Article –Financial Institutions

11-508.1.

(a) An applicant for a new license or for the renewal of a license shall satisfy the Commissioner that the applicant or licensee has, and at all times will maintain, a minimum net worth computed according to generally accepted accounting principles:

(1) In the case of an applicant or licensee that does not lend money secured by residential real property, in the amount of \$25,000; and

(2) In the case of an applicant or licensee that lends money secured by residential real property, in the amount of:

(i) \$25,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate not more than \$1,000,000 secured by residential real property;

(ii) \$50,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate more than \$1,000,000, but not more than \$5,000,000 secured by residential real property; [and]

(iii) \$100,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate more than

(Over)

\$5,000,000, BUT NOT MORE THAN \$10,000,000 secured by residential real property;
AND

(IV) \$250,000, IF THE APPLICANT OR LICENSEE, IN THE 12 MONTHS PRIOR TO THE LICENSE APPLICATION OR THE RENEWAL APPLICATION, LENT IN THE AGGREGATE MORE THAN \$10,000,000 SECURED BY RESIDENTIAL REAL PROPERTY.

(b) (1) Subject to paragraphs (2) and (3) of this subsection, the minimum net worth requirements under subsection (a)(2) of this section may be satisfied by the applicant or licensee having:

- (i) Cash on deposit with a bank or depository institution;
- (ii) A line of credit from a bank or depository institution;
- (iii) Other assets; or
- (iv) A combination of cash, a line of credit, or other assets.

(2) If cash is used toward satisfying the minimum net worth requirements under subsection (a)(2) of this section, the applicant or licensee shall submit to the Commissioner a bank letter verifying:

- (i) The account balance;
- (ii) The type of account in which the funds are held; and
- (iii) That the funds are not encumbered or hypothecated in any way.

(3) (i) If a line of credit is used toward satisfying the minimum net worth requirements under subsection (a)(2) of this section, the applicant or licensee shall submit to the Commissioner a copy of the line of credit agreement and the promissory note.

(ii) A line of credit may not be used toward satisfying more than 75% of the minimum net worth requirements under subsection (a)(2) of this section.

SECTION 8. AND BE IT FURTHER ENACTED, That Section 7 of this Act shall take effect January 1, 2009.”;

in line 18, strike “6.” and substitute “9.”; and in the same line, after “That” insert “., except as provided in Section 8 of this Act,”.