

Chapter 97

(House Bill 102)

AN ACT concerning

Financial Institutions – Mortgage Loan Originators – Prohibited Acts

FOR the purpose of prohibiting a person subject to regulation as a mortgage loan originator from making a payment, threat, or promise to another person for a certain purpose in connection with a ~~residential~~ certain mortgage loan or loan application; prohibiting a person subject to regulation as a mortgage loan originator from making a payment, threat, or promise to an appraiser of ~~a property~~ residential real estate for a certain purpose with respect to the value of the ~~property~~ residential real estate, and from engaging in certain acts or practices in connection with a certain mortgage loan or loan application; providing that certain provisions of this Act do not prohibit a person subject to regulation as a mortgage loan originator from requesting another person to consider certain information, provide certain details, substantiation, or explanation of a certain conclusion, or correct certain errors, or from withholding payment for an appraisal under certain circumstances; providing that a certain penalty applies to a willful violation of the prohibited acts; and generally relating to the regulation of mortgage loan originators.

BY repealing and reenacting, without amendments,
 Article – Financial Institutions
 Section 11–617
 Annotated Code of Maryland
 (2003 Replacement Volume and 2010 Supplement)

BY adding to
 Article – Financial Institutions
 Section 11–624
 Annotated Code of Maryland
 (2003 Replacement Volume and 2010 Supplement)

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

Article – Financial Institutions

11–617.

Any person who willfully violates the provisions of this subtitle is guilty of a felony and, on conviction, is subject to a fine not exceeding \$25,000 or imprisonment not exceeding 5 years or both.

11-624.

(A) A PERSON SUBJECT TO THIS SUBTITLE MAY NOT, IN CONNECTION WITH A MORTGAGE LOAN OR LOAN APPLICATION:

(1) MAKE A PAYMENT, THREAT, OR PROMISE, DIRECTLY OR INDIRECTLY, TO ANOTHER PERSON FOR THE PURPOSE OF INFLUENCING THE PERSON TO VIOLATE ANY FEDERAL OR STATE LAW, OR ANY STANDARD OF PROFESSIONAL PRACTICE RECOGNIZED BY THE FEDERAL OR STATE GOVERNMENT, ~~IN CONNECTION WITH A RESIDENTIAL MORTGAGE LOAN;~~ OR

(2) MAKE A PAYMENT, THREAT, OR PROMISE, DIRECTLY OR INDIRECTLY, TO AN APPRAISER OF ~~A PROPERTY~~ RESIDENTIAL REAL ESTATE FOR THE PURPOSE OF INFLUENCING THE INDEPENDENT JUDGMENT OF THE APPRAISER WITH RESPECT TO THE VALUE OF THE ~~PROPERTY~~ RESIDENTIAL REAL ESTATE, OR ENGAGE IN ANY OTHER ACT OR PRACTICE THAT IMPAIRS OR ATTEMPTS TO IMPAIR AN APPRAISER'S INDEPENDENCE, OBJECTIVITY, OR IMPARTIALITY, INCLUDING:

(I) WITHHOLDING OR THREATENING TO WITHHOLD PAYMENT FOR AN APPRAISAL WITH THE INTENT TO COERCE THE APPRAISER TO AGREE TO A VALUE, RANGE OF VALUES, OR MINIMUM VALUE FOR THE ~~PROPERTY~~ RESIDENTIAL REAL ESTATE;

(II) CONDITIONING THE PAYMENT OF AN APPRAISAL FEE ON THE OPINION, CONCLUSION, OR VALUATION TO BE REACHED BY THE APPRAISER; OR

(III) REQUESTING THE APPRAISER TO REPORT A PREDETERMINED OPINION, CONCLUSION, OR VALUATION.

(B) THIS SECTION DOES NOT PROHIBIT A PERSON SUBJECT TO THIS SUBTITLE FROM:

(1) REQUESTING ANOTHER PERSON TO:

(I) CONSIDER ADDITIONAL APPROPRIATE INFORMATION;

(II) PROVIDE ADDITIONAL DETAILS, SUBSTANTIATION, OR EXPLANATION OF A CONCLUSION MADE BY THE OTHER PERSON; OR

(III) CORRECT ERRORS IN AN APPRAISAL REPORT OR OTHER MORTGAGE DOCUMENT; OR

(2) WITHHOLDING PAYMENT FOR AN APPRAISAL PENDING RESOLUTION OF AN ACTION BEFORE A FEDERAL OR STATE COURT OR LICENSING BOARD RELATING TO THE APPRAISAL.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2011.

Approved by the Governor, April 12, 2011.