

HOUSE BILL 816

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9lr1801

By: **Delegate Sydnor**

Introduced and read first time: February 8, 2019

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Maryland Mortgage Lender Law – Exemption**

3 FOR the purpose of exempting a person who makes a certain number of mortgage loans per
4 calendar year and brokers no more than one mortgage loan per calendar year from
5 the Maryland Mortgage Lender Law; and generally relating to exemptions from the
6 Maryland Mortgage Lender Law.

7 BY repealing and reenacting, with amendments,
8 Article – Financial Institutions
9 Section 11–502
10 Annotated Code of Maryland
11 (2011 Replacement Volume and 2018 Supplement)

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

14 **Article – Financial Institutions**

15 11–502.

16 (a) In this section, “affiliate” means any company that controls, is controlled by,
17 or is under common control with an institution described in subsection (c) of this section.

18 (b) The provisions of this subtitle do not apply to:

19 (1) Any bank, trust company, savings bank, savings and loan association,
20 or credit union incorporated or chartered under the laws of this State or the United States
21 or any other–state bank having a branch in this State;

22 (2) Any insurance company authorized to do business in the State;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) Any corporate instrumentality of the Government of the United States
2 including:

3 (i) The Federal Home Loan Mortgage Corporation;

4 (ii) The Federal National Mortgage Association; and

5 (iii) The Government National Mortgage Association;

6 (4) ANY PERSON WHO:

7 (I) MAKES 3 OR FEWER MORTGAGE LOANS PER CALENDAR
8 YEAR; AND

9 (II) BROKERS NO MORE THAN ONE MORTGAGE LOAN PER
10 CALENDAR YEAR;

11 [(4)] (5) Any person who takes back a deferred purchase money mortgage
12 in connection with the sale of:

13 (i) A dwelling or residential real estate owned by, and titled in the
14 name of, that person; or

15 (ii) A new residential dwelling that the person built;

16 [(5)] (6) A nonprofit charitable organization registered with the
17 Maryland Secretary of State or a nonprofit religious organization;

18 [(6)] (7) An employer making a mortgage loan to an employee;

19 [(7)] (8) A person making a mortgage loan to a borrower who is the
20 person's spouse, child, child's spouse, parent, sibling, grandparent, grandchild, or
21 grandchild's spouse;

22 [(8)] (9) A real estate broker who:

23 (i) Is licensed in the State; and

24 (ii) Makes a mortgage loan providing a repayment schedule of 2
25 years or less to assist the borrower in the purchase or sale of a dwelling or residential real
26 estate through the broker;

27 [(9)] (10) A home improvement contractor licensed under the Maryland
28 Home Improvement Law who assigns a mortgage loan without recourse within 30 days
29 after completion of the contract to a person licensed under this subtitle or to an institution
30 that is exempt from this subtitle under item (1), (2), or [(10)] (11) of this subsection;

1 ~~[(10)]~~ **(11)** A subsidiary or affiliate of an institution described in subsection
2 (c) of this section, which subsidiary or affiliate:

3 (i) Is subject to audit or examination by a regulatory body or agency
4 of this State or the state where the subsidiary or affiliate maintains its principal office; and

5 (ii) Files with the Commissioner, prior to making mortgage loans,
6 information sufficient to identify:

7 1. The correct corporate name of the subsidiary or affiliate;

8 2. An address and telephone number of a contact person for
9 the subsidiary or affiliate;

10 3. A resident agent; and

11 4. Any additional information considered necessary by the
12 Commissioner for protection of the public;

13 ~~[(11)]~~ **(12)** Any employee benefit plan qualified under Internal Revenue
14 Code § 401 or persons acting as fiduciaries with respect to such a plan, making mortgage
15 loans solely to plan participants from plan assets; or

16 ~~[(12)]~~ **(13)** Employees acting within the scope of their employment with:

17 (i) A licensed mortgage lender; or

18 (ii) A person who is exempt from licensure under this subtitle.

19 (c) The exemption in subsection ~~[(b)(10)]~~ **(B)(11)** of this section applies to
20 subsidiaries and affiliates of:

21 (1) Any bank, trust company, savings bank, savings and loan association,
22 or credit union incorporated or chartered under the laws of this State; or

23 (2) Any other—state bank, as that term is defined in § 5–1001 of this article,
24 having a branch that accepts deposits in this State.

25 (d) The exemptions provided in subsection (b) of this section do not apply to any
26 person who has been denied a license to engage in business as a mortgage lender or real
27 estate broker or whose license to engage in such activities has been suspended or revoked
28 within the 3 immediately preceding calendar years.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2019.