

# SENATE BILL 943

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CF HB 1254

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By: ~~Senators Pugh and Garagiola~~, Garagiola, and Exum

Introduced and read first time: February 18, 2010

Assigned to: Rules

Re-referred to: Finance, February 26, 2010

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Credit Regulation – Mortgage Brokers – Charges**

3 FOR the purpose of authorizing mortgage brokers to charge borrowers for the actual  
4 cost of certain ~~services or goods~~ documents obtained by a mortgage broker at the  
5 written request of a borrower; authorizing mortgage brokers to charge  
6 borrowers for the actual cost of certain other goods or services that are required  
7 to complete a loan application process and that, at the written request of a  
8 borrower, are paid by a mortgage broker to a certain third-party provider;  
9 defining a certain term; and generally relating to fees that may be charged by  
10 mortgage brokers.

11 BY repealing and reenacting, with amendments,  
12 Article – Commercial Law  
13 Section 12-801 and 12-804  
14 Annotated Code of Maryland  
15 (2005 Replacement Volume and 2009 Supplement)

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

### 18 **Article – Commercial Law**

19 12-801.

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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 (a) In this subtitle the following words have the meanings indicated.

2 (b) “Borrower” means an individual who obtains a loan or advance of money.

3 (c) “COMMISSIONER” MEANS THE COMMISSIONER OF FINANCIAL  
4 REGULATION.

5 [(c)] (D) “Finder’s fee” means any compensation or commission directly or  
6 indirectly imposed by a broker and paid by or on behalf of the borrower for the broker’s  
7 services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan  
8 or advance of money.

9 [(d)] (E) “Lender” means a person defined as a mortgage lender under §  
10 11–501(j)(1)(ii) of the Financial Institutions Article.

11 [(e)] (F) “Mortgage broker” means a person defined as a mortgage lender  
12 under § 11–501(j)(1)(i) of the Financial Institutions Article.

13 [(f)] (G) “Person” includes an individual, corporation, business trust, estate,  
14 trust, partnership, association, two or more persons having a joint or common interest,  
15 or any other legal or commercial entity.

16 12–804.

17 (a) A mortgage broker may charge a finder’s fee not in excess of 8 percent of  
18 the amount of the loan or advance.

19 (b) In addition to a finder’s fee, a mortgage broker may charge a borrower for  
20 the actual cost of [any]:

21 (1) ANY appraisal ~~or~~, credit report, CONDOMINIUM DOCUMENT, OR  
22 SUBORDINATION AGREEMENT DOCUMENT obtained by the mortgage broker AT  
23 THE WRITTEN REQUEST OF THE BORROWER; AND

24 (2) ANY OTHER ~~SERVICE OR GOOD~~ GOOD OR SERVICE, AS  
25 SPECIFIED IN REGULATIONS ADOPTED BY THE COMMISSIONER, THAT IS  
26 REQUIRED TO COMPLETE A LOAN APPLICATION PROCESS ~~THAT~~ AND THAT, AT  
27 THE WRITTEN REQUEST OF THE BORROWER, IS PAID ~~OR PAYABLE~~ BY THE  
28 MORTGAGE BROKER TO A THIRD-PARTY PROVIDER OF THE ~~SERVICE OR GOOD~~  
29 GOOD OR SERVICE.

30 (c) A mortgage broker obtaining a mortgage loan with respect to the same  
31 property more than once within a 24-month period may charge a finder’s fee only on  
32 so much of the loan as is in excess of the initial loan.

33 (d) The provisions of this section do not apply to:

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

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

5           (e)    A mortgage broker may not charge a finder's fee in any transaction in  
6 which the mortgage broker or an owner, part owner, partner, director, officer, or  
7 employee of the mortgage broker is the lender or an owner, part owner, partner,  
8 director, officer, or employee of the lender.

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.