

# Maryland

## STATE HIGH COST/PREDATORY LENDING REGULATIONS

Last Updated: May 2016

**LAW:** Code of Maryland Regulations - Chapter 9.02 updated 2/2009 and Maryland Commercial Law Title 12, Section 12-124.1

**LOAN AMOUNT COVERED:** None specified

**BORROWERS COVERED:** (See MD Annotated Code 12/127(b)(3) for exception)

<input checked="" type="checkbox"/>	Individuals	<input checked="" type="checkbox"/>	Trusts
<input type="checkbox"/>	Organizations	<input type="checkbox"/>	Other:

**TOTAL LOAN AMOUNT (TLA) IS DEFINED AS:** Code of Maryland Regulations - Chapter 9.02 updated 2/2009

<input type="checkbox"/>	Loan Amount as defined in HOEPA 226.32	<input type="checkbox"/>	Note Amount
<input checked="" type="checkbox"/>	Loan Amount as defined in HCML 1026.32	<input type="checkbox"/>	Other:

**LOAN TYPES COVERED:**

<input checked="" type="checkbox"/>	Conventional	<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA	<input checked="" type="checkbox"/>	RHS
<input type="checkbox"/>	Other:		

**LOAN PURPOSES COVERED:**

<input checked="" type="checkbox"/>	Purchase	<input checked="" type="checkbox"/>	Construction to Perm
<input type="checkbox"/>	Builder	<input checked="" type="checkbox"/>	Refinance
<input checked="" type="checkbox"/>	Equity Out	<input checked="" type="checkbox"/>	Home Equity Closed End
<input checked="" type="checkbox"/>	One Time Closing	<input checked="" type="checkbox"/>	Modification
<input checked="" type="checkbox"/>	Purchase Plus Improvements	<input checked="" type="checkbox"/>	Refinance Plus Improvements
<input checked="" type="checkbox"/>	Lot Loan	<input checked="" type="checkbox"/>	Home Improvement
<input checked="" type="checkbox"/>	Borrower Interim	<input checked="" type="checkbox"/>	One Time Closing with Modification
<input checked="" type="checkbox"/>	HELOC	<input checked="" type="checkbox"/>	Assumption

**BRIDGE LOANS COVERED**

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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**PROPERTY OCCUPANCY COVERED:**

<input checked="" type="checkbox"/>	Primary Residence	<input type="checkbox"/>	Second Home
<input type="checkbox"/>	Investment	<input type="checkbox"/>	Raw Land

**APR THRESHOLDS:** <http://www.dsd.state.md.us/comar/comarhtml/09/09.03.06.02.htm> and <http://law.justia.com/codes/maryland/2010/commercial-law/title-12/subtitle-1/12-124-1/>

<input checked="" type="checkbox"/>	APR	<input type="checkbox"/>	Unteased APR	<input type="checkbox"/>	Other:
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First Lien: 5.5 %

Subordinate Lien: 7.5 %

**APR COMPARED AGAINST:** Code of Maryland Regulations - Chapter 9.02 updated 2/2009

<input checked="" type="checkbox"/>	APOR	<input type="checkbox"/>	APR Itself
<input type="checkbox"/>	Treasury Yield	<input type="checkbox"/>	Other:

**DATE FOR APR TEST:**

Application  Closing  
 Other: Date interest rate is set

**FEE TEST METHOD:** Maryland Commercial Law Title 12, Section 12-124.1

Use HC Flag  
 Use APR & Paid To (§1026.32)  
 Use APR & Paid To, except:

**FEE TEST THRESHOLDS:** Maryland Commercial Law Title 12, Section 12-124.1

All liens: > or = 4 % of TLA >\$20,350  
Lesser of 7% or \$1,017 for TLA < \$20,350

**ADJUSTMENTS:**

No  Yes | How: Adjusted annually per CPI

**FEES INCLUDED IN TEST:** Maryland Commercial Law Title 12, Section 12-124.1

"Covered loan" means a mortgage loan made under this subtitle that meets the criteria for a loan subject to the federal Home Ownership Equity Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for the mortgage loan shall be one percentage point less than those specified in 15 U.S.C. § 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

**OTHER ITEMS TO BE TESTED/CONSIDERED:** Code of Maryland Regulations - Chapter 9.02.06.21

**Subprime Loans**

Mortgage Lender Law The Maryland Mortgage Lender Law imposes restrictions on loans meeting the definition of a "higher-priced mortgage loan."

"Higher-priced mortgage loan" means a mortgage loan for which the annual percentage rate exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set by:

(1)1.5 or more percentage points for loans secured by a first lien on residential real property; or(2)3.5 or more percentage points for loans secured by a subordinate lien on residential real property.

**SPECIAL NOTES:** Code of Maryland Regulations - Chapter 9.02.06.21

Maryland has added section 9.02.06.21 which describes "Non-traditional loans" and "Higher Price Loans". Both types of loans require additional disclosures and special training for loan officers so they are presented correctly to potential borrowers. Lender should check with investor to be sure loan will be purchased.

**Non-traditional** loans are those loans that defer payment of principal, interest or both.

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Higher-priced mortgage loan does not include a:

(1) transaction to finance the initial construction of a dwelling on residential real property; (2) temporary loan with a term of 12 months or less, such as a loan to purchase residential real property where the borrower plans to sell a current residential real property within 12 months; (3) reverse mortgage transaction subject to 12 CFR §1026.33; or (4) home equity line of credit.

"Average prime offer rate" means an annual percentage rate that is derived from average interest rates, points, and other loan pricing terms currently offered to consumers by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics. The Board of Governors of the Federal Reserve publishes average prime offer rates for a broad range of types of transactions in a table updated at least weekly as well as the methodology the Board uses to derive these rates.

Md. Regs. Code tit. 09, §03.06.02(B).