

Maryland

STATE HIGH COST/PREDATORY LENDING REGULATIONS

Last Updated: 2/23/2018 By: BH

Coded: 3/2/2018 By: ZB

Reviewed: 3/2/2018 By: BH

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)

Individuals Trusts
 Organizations Other:

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

Loan Amount as defined in HOEPA 226.32 Note Amount
 Loan Amount as defined in HCML 1026.32 Other:

LOAN TYPES COVERED:

Conventional FHA
 VA RHS
 Other:

LOAN PURPOSES COVERED:

Purchase Construction to Perm
 Builder Refinance
 Equity Out Home Equity Closed End
 One Time Closing Modification
 Purchase Plus Improvements Refinance Plus Improvements
 Lot Loan Home Improvement
 Borrower Interim One Time Closing with Modification
 HELOC Assumption

BRIDGE LOANS COVERED

Yes No

PROPERTY OCCUPANCY COVERED:

Primary Residence Second Home
 Investment Raw Land

APR THRESHOLDS: <http://law.justia.com/codes/maryland/2010/commercial-law/title-12/subtitle-1/12-124-1/>

APR Unteased APR Other:

First Lien: > 5.5 %

Subordinate Lien: > 7.5 %

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

APOR APR Itself
 Treasury Yield 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 ≥\$21,032
Lesser of 7% or \$1,052 for TLA < \$21,032

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).