

Disclaimer: The material below is for general informational purposes only and not for the purpose of providing legal advice. Anyone reviewing the below material should contact his or her own attorney to obtain legal advice with respect to any particular transaction, issue, or problem. The material below is designed for use by state or federal financial institutions. State licensed lenders or brokers should consult alternate reference materials. Use or review of the below materials does not create an attorney-client relationship between PPDocs, Inc. and the user or reviewer.

Maryland

STATE HIGH COST/PREDATORY LENDING REGULATIONS

Last Updated:	Date:	Initials:
By:	12/21/21	BH
Reviewed:		
Coded:		
By:	1/12/22	SA
Reviewed:		

LAW: Code of Maryland Regulations - Maryland Commercial Law Title 12, Section 12-124.1 and 12-409.1
<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5> and
<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-120&ext=html&session=2019RS> and
<http://mdrules.elaws.us/comar/09.03.06.18>

LOAN AMOUNT COVERED: None specified

BORROWERS COVERED: <http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5>

- | | |
|---|--|
| <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:

<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5>

- | | |
|--|--------------------------------------|
| <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 checked="" type="checkbox"/> Other: Ability to repay provision does not apply to government guaranteed loans.
https://law.justia.com/codes/maryland/2017/commercial-law/title-12/subtitle-1/section-12-127/ | |

LOAN PURPOSES COVERED: Match HCML 1026.32

- | | |
|--|--|
| <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 (if subject to TILA) |
| <input checked="" type="checkbox"/> Purchase Plus Improvements | <input checked="" type="checkbox"/> Refinance Plus Improvements |
| <input type="checkbox"/> Lot Loan | <input checked="" type="checkbox"/> Home Improvement |
| <input checked="" type="checkbox"/> Borrower Interim (unless initial construction) | <input checked="" type="checkbox"/> One Time Closing with Modification (unless initial construction) |
| <input checked="" type="checkbox"/> HELOC | <input checked="" type="checkbox"/> Assumption |

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BRIDGE LOANS COVERED

Yes No

PROPERTY OCCUPANCY COVERED:

Primary Residence Second Home
 Investment Raw Land

APR THRESHOLDS: <http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5> 1% less than HOEPA/HCML thresholds.

APR Unteased APR Other:

First Lien: > 5.5 %

Subordinate Lien: > 7.5 %

APR COMPARED AGAINST:

<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5>

APOR APR Itself
 Treasury Yield Other:

DATE FOR APR TEST:

Application Closing
 Other: Date interest rate is set, match HCML/HOEPA

FEE TEST METHOD:

<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5>

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

FEE TEST THRESHOLDS: <http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gcl§ion=12-124.1&ext=html&session=2019RS&tab=subject5>

All liens: > or = 4 % of TLA \geq \$22,969

Lesser of 7% or \$1,148 for TLA < \$22,969

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(bb), as modified from time to time by Regulation Z, 12 C.F.R. Part 1026, except that the comparison percentages for the mortgage loan shall be one percentage point less than those specified in 15 U.S.C. § 1602(bb), as modified from time to time by Regulation Z, 12 C.F.R. Part 1026.

OTHER ITEMS TO BE TESTED/CONSIDERED:

IF LOAN IS STATE HIGH-COST, THEN MUST MEET FOLLOWING REQUIREMENTS:

- No Prepayment Penalties.

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Prepayment Penalty info:

<https://law.justia.com/codes/maryland/2017/commercial-law/title-12/subtitle-1/section-12-105/>

- (a) "Mortgage loan" defined. -- In this section, "mortgage loan" has the meaning stated in § 11-501 of the Financial Institutions Article.
- (c) Service, late, and prepayment charges. -- Except as provided in subsection (d) of this section, if the loan contract provides for them, the following fees and charges also may be collected and are not interest under this subtitle:
 - (1) A service charge for investigation and the continued servicing of collateral for a commercial loan secured by inventory or accounts receivable;
 - (2) A service charge made by a broker or dealer dealing in investment securities if:
 - (i) Money is advanced on the security of pledged investment securities; and
 - (ii) Services are rendered in the collection, crediting, and disbursement of income on the investment securities and in the furnishing of income tax and other information in connection with that income;
 - (3) A delinquent or late charge of the greater of \$ 2 or 5 percent of the total amount of any delinquent or late periodic installment of principal and interest, if:
 - (i) The delinquency has continued for at least 15 calendar days; and
 - (ii) A delinquent or late charge has not already been charged for the same delinquency; and
 - (4) A prepayment charge or penalty on a prepayment of the unpaid principal balance of the loan, if the loan is secured by a home, by a combination of home and business property, or by agricultural property, or if the loan is a commercial loan not in excess of \$ 15,000, provided that the charge or penalty:
 - (i) May be imposed only on prepayments made within 3 years from the date the loan is made; and
 - (ii) May not exceed an amount equal to 2 months' advance interest on the aggregate amount of all prepayments made in any 12-month period in excess of one-third of the amount of the original loan.
- (d) Prepayment penalty prohibited. -- In connection with a mortgage loan, a lender may not require or authorize the imposition of a penalty, fee, premium, or other charge in the event the mortgage loan is prepaid in whole or in part.