

HB0944/413691/1

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 944

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Subprime” and substitute “Advisory”; in the same line, strike “Counseling” and substitute “Advice”; in line 3, strike “completing” and substitute “closing”; strike beginning with the second “a” in line 3 down through “subprime” in line 4 and substitute “an advisory”; in line 5, after “the” insert “primary”; in the same line, after “completed” insert “certain”; in the same line, strike “housing counseling” and substitute “obtained certain housing advice”; in line 6, strike “under certain circumstances”; in line 7, strike “a subprime” and substitute “an advisory”; strike beginning with “list” in line 7 down through “circumstances;” in line 9 and substitute “certain notice; requiring the Department of Housing and Community Development to provide to a lender, credit grantor, or mortgage broker on request a list of government agencies and nonprofit organizations that provide certain home buyer education or housing advice; requiring the Department to adopt certain regulations; authorizing the Department to adopt certain regulations; requiring the Department to maintain and publish at least a certain number of times in a certain period of time a certain list; providing that a violation of certain provisions of this Act is within the scope of certain investigative and enforcement powers of the Commissioner of Financial Regulation and the Division of Consumer Protection of the Office of the Attorney General;”; in line 9, after “terms;” insert “providing for the application of this Act;”; in line 10, strike “counseling” and substitute “advice”; and in line 11, strike “subprime” and substitute “connection with advisory”.

AMENDMENT NO. 2

On page 3, after line 2, insert:

“(2) (1) “ADVISORY LOAN” MEANS A MORTGAGE LOAN MADE UNDER THIS SUBTITLE THAT BY ITS TERMS:

(Over)

- 1. PERMITS INTEREST ONLY PAYMENTS;**
 - 2. MAY RESULT IN NEGATIVE AMORTIZATION;**
 - 3. HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT;**
 - 4. INCLUDES A PREPAYMENT PENALTY; OR**
 - 5. HAS:**
 - A. A VARIABLE RATE, AS THAT TERM IS USED IN THE FEDERAL TRUTH IN LENDING ACT; AND**
 - B. A FULLY INDEXED RATE THAT WOULD CAUSE THE LOAN TO EXCEED BY 5% OR MORE THE YIELD ON THE APPLICABLE COMPARABLE TREASURY SECURITIES.**
- (II) "ADVISORY LOAN" DOES NOT INCLUDE:**
- 1. AN OPEN-END OR REVOLVING HOME EQUITY LINE OF CREDIT;**
 - 2. A CONSTRUCTION LOAN;**
 - 3. A REVERSE MORTGAGE LOAN;**
 - 4. A LOAN WHERE THE INTEREST RATE IS FIXED FOR THE ENTIRE LOAN TERM UNLESS THE LOAN BY ITS TERMS HAS POINTS AND**

FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT; OR

5. A LOAN WHERE THE PRINCIPAL AMOUNT EXCEEDS THE LIMITATIONS ON MAXIMUM LOAN AMOUNTS IN THE STATE FOR A SINGLE-FAMILY DWELLING AS ESTABLISHED FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION UNDER 12 U.S.C. § 1717(B)(2).”;

in line 3, strike “(2)” and substitute “(3)”; after line 4, insert:

“(4) “APPLICABLE COMPARABLE TREASURY SECURITIES” MEANS:

(I) FOR A MORTGAGE LOAN WITH AN INITIAL INTEREST RATE THAT IS FIXED FOR MORE THAN 1 YEAR, COMPARABLE TREASURY SECURITIES WITH A MATURITY MATCHING THE DURATION OF THE FIXED-RATE PERIOD; AND

(II) FOR ALL OTHER MORTGAGE LOANS, COMPARABLE TREASURY SECURITIES WITH A MATURITY OF 1 YEAR.

(5) “COMMISSIONER” MEANS THE COMMISSIONER OF FINANCIAL REGULATION IN THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(6) “COMPARABLE TREASURY SECURITIES” MEANS THE YIELD ON TREASURY CONSTANT MATURITIES PUBLISHED IN THE FEDERAL RESERVE BOARD’S STATISTICAL RELEASE H-15 AS OF THE 15TH DAY OF THE MONTH IMMEDIATELY PRECEDING THE MONTH IN WHICH THE LOAN APPLICATION IS RECEIVED BY THE LENDER.”;

(Over)

in line 5, strike “(3)” and substitute “(7)”; strike beginning with “APPLICABLE” in line 5 down through “ORIGINATED” in line 7 and substitute “, AS EXPECTED TO BE DEFINED IN THE MORTGAGE LOAN DOCUMENTS, PREVAILING AT THE TIME THE LOAN APPLICATION IS RECEIVED BY THE LENDER”; in line 9, strike “(4)” and substitute “(8) (I)”; in the same line, strike “COUNSELING” and substitute “ADVICE”; after line 11, insert:

“(II) ‘HOME BUYER EDUCATION OR HOUSING ADVICE’ INCLUDES INSTRUCTION, IN WHOLE OR IN PART, BY TELEPHONIC MEANS.”;

in lines 12 and 14, strike “(5)” and “(6)”, respectively, and substitute “(9)” and “(10)”, respectively; in line 16, strike “(7)” and substitute “(11) (I)”; and after line 17, insert:

“(II) ‘MORTGAGE LOAN’ DOES NOT INCLUDE A LOAN OR EXTENSION OF CREDIT SECURED BY RESIDENTIAL REAL PROPERTY THAT IS NOT THE BORROWER’S PRINCIPAL DWELLING.”.

On pages 3 and 4, strike in their entirety the lines beginning with line 18 on page 3 through line 18 on page 4, inclusive, and substitute:

“(12) ‘POINTS AND FEES’ HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32(B)(1).

(13) ‘TOTAL LOAN AMOUNT’ HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32(A)(1).’

On page 4, in line 19, after “(B)” insert “(1)”; strike beginning with “At” in line 19 down through “the” in line 20 and substitute “THE”; in line 21, strike “the borrower” and substitute “AN APPLICANT FOR AN ADVISORY LOAN”; in the same

line, after “with” insert “A WRITTEN NOTICE IN THE FORM SPECIFIED IN REGULATIONS ADOPTED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THIS SECTION.”; strike beginning with “A” in line 24 down through “counseling.” in line 26 and substitute:

“(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) SHALL INCLUDE:

1. THE LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT HAVE BEEN APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE, AS MOST RECENTLY POSTED ON THE WEBSITE OF THE DEPARTMENT; AND

2. ANY OTHER INFORMATION THE DEPARTMENT DETERMINES IS RELEVANT; AND

(II) SHALL BE PROVIDED:

1. BY A MORTGAGE BROKER, WITHIN 10 BUSINESS DAYS AFTER THE DATE THE INITIAL LOAN APPLICATION IS MADE; AND

2. BY A LENDER, AT THE TIME THE LENDER OFFERS AN ADVISORY LOAN.

(3) THE DEPARTMENT SHALL PROVIDE TO A LENDER OR MORTGAGE BROKER ON REQUEST A LIST OF GOVERNMENT AGENCIES AND

(Over)

NONPROFIT ORGANIZATIONS APPROVED BY THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION.

(C) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:

(1) SHALL ADOPT REGULATIONS THAT:

(I) SPECIFY THE FORM OF THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION;

(II) ESTABLISH QUALIFICATIONS THAT A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MUST MEET TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE TO A BORROWER UNDER THIS SECTION;

(III) SPECIFY THE CONTENT OF THE HOME BUYER EDUCATION OR HOUSING ADVICE, WHICH SHALL INCLUDE ANY APPLICABLE FEDERAL STANDARD, TO BE PROVIDED UNDER THIS SECTION; AND

(IV) ESTABLISH A PROCEDURE BY WHICH A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MAY OBTAIN APPROVAL FROM THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION; AND

(2) MAY ADOPT REGULATIONS TO CARRY OUT OTHER PROVISIONS OF THIS SECTION.”;

in line 27, strike “(C)” and substitute “(D)”;

strike beginning with “COMPLETE” in line 27 down through “SUBPRIME” in line 28 and substitute “CLOSE AN ADVISORY”;

in line 28, after the second “THE” insert “PRIMARY”;

in line 29, strike “COUNSELING” and substitute “ADVISE PROVIDED BY A GOVERNMENT AGENCY OR NONPROFIT

ORGANIZATION APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT"; and after line 29, insert:

“(E) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL MAINTAIN AND PUBLISH AT LEAST ONCE EACH CALENDAR QUARTER A LIST OF APPROVED GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT EMPLOY HOUSING ADVISORS.

(F) A VIOLATION OF SUBSECTION (D) OF THIS SECTION IS WITHIN THE SCOPE OF THE INVESTIGATIVE AND ENFORCEMENT POWERS OF:

(1) THE COMMISSIONER UNDER §§ 2-113 THROUGH 2-116 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) THE COMMISSIONER AS A VIOLATION OF TITLE 11, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL UNDER TITLE 13 OF THIS ARTICLE.”.

On page 6, after line 11, insert:

“(2) (I) “ADVISORY LOAN” MEANS A MORTGAGE LOAN MADE UNDER THIS SUBTITLE THAT BY ITS TERMS:

- 1. PERMITS INTEREST ONLY PAYMENTS;**
- 2. MAY RESULT IN NEGATIVE AMORTIZATION;**

(Over)

3. HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT;

4. INCLUDES A PREPAYMENT PENALTY; OR

5. HAS:

A. A VARIABLE RATE, AS THAT TERM IS USED IN THE FEDERAL TRUTH IN LENDING ACT; AND

B. A FULLY INDEXED RATE THAT WOULD CAUSE THE LOAN TO EXCEED BY 5% OR MORE THE YIELD ON THE APPLICABLE COMPARABLE TREASURY SECURITIES.

(II) "ADVISORY LOAN" DOES NOT INCLUDE:

1. AN OPEN-END OR REVOLVING HOME EQUITY LINE OF CREDIT;

2. A CONSTRUCTION LOAN;

3. A REVERSE MORTGAGE LOAN;

4. A LOAN WHERE THE INTEREST RATE IS FIXED FOR THE ENTIRE LOAN TERM UNLESS THE LOAN BY ITS TERMS HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT; OR

5. A LOAN WHERE THE PRINCIPAL AMOUNT EXCEEDS THE LIMITATIONS ON MAXIMUM LOAN AMOUNTS IN THE STATE FOR A SINGLE-FAMILY DWELLING AS ESTABLISHED FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION UNDER 12 U.S.C. § 1717(B)(2).”;

in line 12, strike “(2)” and substitute “(3)”;

“(4) “APPLICABLE COMPARABLE TREASURY SECURITIES” MEANS:

(I) FOR A MORTGAGE LOAN WITH AN INITIAL INTEREST RATE THAT IS FIXED FOR MORE THAN 1 YEAR, COMPARABLE TREASURY SECURITIES WITH A MATURITY MATCHING THE DURATION OF THE FIXED-RATE PERIOD; AND

(II) FOR ALL OTHER MORTGAGE LOANS, COMPARABLE TREASURY SECURITIES WITH A MATURITY OF 1 YEAR.

(5) “COMMISSIONER” MEANS THE COMMISSIONER OF FINANCIAL REGULATION IN THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(6) “COMPARABLE TREASURY SECURITIES” MEANS THE YIELD ON TREASURY CONSTANT MATURITIES PUBLISHED IN THE FEDERAL RESERVE BOARD’S STATISTICAL RELEASE H-15 AS OF THE 15TH DAY OF THE MONTH IMMEDIATELY PRECEDING THE MONTH IN WHICH THE LOAN APPLICATION IS RECEIVED BY THE LENDER.”;

in line 14, strike “(3)” and substitute “(7)”;

strike beginning with “APPLICABLE” in line 14 down through “ORIGINATED” in line 16 and substitute “**, AS EXPECTED TO BE DEFINED IN THE MORTGAGE LOAN DOCUMENTS, PREVAILING AT THE TIME THE LOAN APPLICATION IS RECEIVED BY THE LENDER**”;

in line 18, strike “(4)” and

(Over)

substitute “**(8) (I)**”; in the same line, strike “**COUNSELING**” and substitute “**ADVICE**”; after line 20, insert:

“(II) “HOME BUYER EDUCATION OR HOUSING ADVICE” INCLUDES INSTRUCTION, IN WHOLE OR IN PART, BY TELEPHONIC MEANS.”;

in lines 21 and 23, strike “**(5)**” and “**(6)**”, respectively, and substitute “**(9)**” and “**(10)**”, respectively; in line 25, strike “**(7)**” and substitute “**(11) (I)**”; and after line 26, insert:

“(II) “MORTGAGE LOAN” DOES NOT INCLUDE A LOAN OR EXTENSION OF CREDIT SECURED BY RESIDENTIAL REAL PROPERTY THAT IS NOT THE BORROWER’S PRINCIPAL DWELLING.”.

On pages 6 and 7, strike in their entirety the lines beginning with line 27 on page 6 through line 26 on page 7, inclusive, and substitute:

“(12) “POINTS AND FEES” HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32(B)(1).

(13) “TOTAL LOAN AMOUNT” HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32(A)(1).”.

On page 7, in line 27, after “**(B)**” insert “**(1)**”; strike beginning with “At” in line 27 down through “the” in line 28, and substitute “**THE**”; in line 29, strike “the borrower” and substitute “**AN APPLICANT FOR AN ADVISORY LOAN**”; and in the same line, after “with” insert “**A WRITTEN NOTICE IN THE FORM SPECIFIED IN REGULATIONS ADOPTED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THIS SECTION.**”.

On page 8, strike beginning with “A” in line 1 down through “counseling.” in line 3 and substitute:

“(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) SHALL INCLUDE:

1. THE LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT HAVE BEEN APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE, AS MOST RECENTLY POSTED ON THE WEBSITE OF THE DEPARTMENT; AND

2. ANY OTHER INFORMATION THE DEPARTMENT DETERMINES IS RELEVANT; AND

(II) SHALL BE PROVIDED:

1. BY A MORTGAGE BROKER, WITHIN 10 BUSINESS DAYS AFTER THE DATE THE INITIAL LOAN APPLICATION IS MADE; AND

2. BY A LENDER, AT THE TIME THE LENDER OFFERS AN ADVISORY LOAN.

(3) THE DEPARTMENT SHALL PROVIDE TO A LENDER OR MORTGAGE BROKER ON REQUEST A LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS APPROVED BY THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION.

(Over)

(C) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:

(1) SHALL ADOPT REGULATIONS THAT:

(I) SPECIFY THE FORM OF THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION;

(II) ESTABLISH QUALIFICATIONS THAT A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MUST MEET TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE TO A BORROWER UNDER THIS SECTION;

(III) SPECIFY THE CONTENT OF THE HOME BUYER EDUCATION OR HOUSING ADVICE, WHICH SHALL INCLUDE ANY APPLICABLE FEDERAL STANDARD, TO BE PROVIDED UNDER THIS SECTION; AND

(IV) ESTABLISH A PROCEDURE BY WHICH A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MAY OBTAIN APPROVAL FROM THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION; AND

(2) MAY ADOPT REGULATIONS TO CARRY OUT OTHER PROVISIONS OF THIS SECTION.”;

in line 4, strike “(C)” and substitute “(D)”;

strike beginning with “COMPLETE” in line 4 down through “SUBPRIME” in line 5 and substitute “CLOSE AN ADVISORY”;

in line 5, after the second “THE” insert “PRIMARY”;

in line 6, strike “COUNSELING” and substitute “ADVICE PROVIDED BY A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT”;

after line 6, insert:

“(E) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL MAINTAIN AND PUBLISH AT LEAST ONCE EACH CALENDAR QUARTER A LIST OF APPROVED GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT EMPLOY HOUSING ADVISORS.

(F) A VIOLATION OF SUBSECTION (D) OF THIS SECTION IS WITHIN THE SCOPE OF THE INVESTIGATIVE AND ENFORCEMENT POWERS OF:

(1) THE COMMISSIONER UNDER §§ 2-113 THROUGH 2-116 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) THE COMMISSIONER AS A VIOLATION OF TITLE 11, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL UNDER TITLE 13 OF THIS ARTICLE.”;

and after line 33, insert:

“(2) (I) “ADVISORY LOAN” MEANS A MORTGAGE LOAN MADE UNDER THIS SUBTITLE THAT BY ITS TERMS:

- 1. PERMITS INTEREST ONLY PAYMENTS;**
- 2. MAY RESULT IN NEGATIVE AMORTIZATION;**
- 3. HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT;**

(Over)

4. INCLUDES A PREPAYMENT PENALTY; OR

5. HAS:

A. A VARIABLE RATE, AS THAT TERM IS USED IN THE FEDERAL TRUTH IN LENDING ACT; AND

B. A FULLY INDEXED RATE THAT WOULD CAUSE THE LOAN TO EXCEED BY 5% OR MORE THE YIELD ON THE APPLICABLE COMPARABLE TREASURY SECURITIES.

(II) "ADVISORY LOAN" DOES NOT INCLUDE:

1. AN OPEN-END OR REVOLVING HOME EQUITY LINE OF CREDIT;

2. A CONSTRUCTION LOAN;

3. A REVERSE MORTGAGE LOAN;

4. A LOAN WHERE THE INTEREST RATE IS FIXED FOR THE ENTIRE LOAN TERM UNLESS THE LOAN BY ITS TERMS HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT; OR

5. A LOAN WHERE THE PRINCIPAL AMOUNT EXCEEDS THE LIMITATIONS ON MAXIMUM LOAN AMOUNTS IN THE STATE FOR A SINGLE-FAMILY DWELLING AS ESTABLISHED FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION UNDER 12 U.S.C. § 1717(B)(2)."

On page 9, in line 1, strike “(2)” and substitute “(3)”; after line 2, insert:

“(4) “APPLICABLE COMPARABLE TREASURY SECURITIES” MEANS:

(I) FOR A MORTGAGE LOAN WITH AN INITIAL INTEREST RATE THAT IS FIXED FOR MORE THAN 1 YEAR, COMPARABLE TREASURY SECURITIES WITH A MATURITY MATCHING THE DURATION OF THE FIXED-RATE PERIOD; AND

(II) FOR ALL OTHER MORTGAGE LOANS, COMPARABLE TREASURY SECURITIES WITH A MATURITY OF 1 YEAR.

(5) “COMMISSIONER” MEANS THE COMMISSIONER OF FINANCIAL REGULATION IN THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(6) “COMPARABLE TREASURY SECURITIES” MEANS THE YIELD ON TREASURY CONSTANT MATURITIES PUBLISHED IN THE FEDERAL RESERVE BOARD’S STATISTICAL RELEASE H-15 AS OF THE 15TH DAY OF THE MONTH IMMEDIATELY PRECEDING THE MONTH IN WHICH THE LOAN APPLICATION IS RECEIVED BY THE LENDER.

(7) “FULLY INDEXED RATE” MEANS THE INDEX RATE, AS EXPECTED TO BE DEFINED IN THE MORTGAGE LOAN DOCUMENTS, PREVAILING AT THE TIME THE LOAN APPLICATION IS RECEIVED BY THE LENDER, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF AN INTRODUCTORY INTEREST RATE.”;

in line 3, strike “(3)” and substitute “(8)(I)”; in the same line, strike “COUNSELING” and substitute “ADVICE”; after line 5, insert:

(Over)

**“(II) ‘‘HOME BUYER EDUCATION OR HOUSING ADVICE’’
INCLUDES INSTRUCTION, IN WHOLE OR IN PART, BY TELEPHONIC MEANS.’’;**

in lines 6 and 8, strike “(4)” and “(5)”, respectively, and substitute “(9)” and “(10)”, respectively; in line 10, strike “(6)” and substitute “(11) (I)”; after line 11, insert:

**“(II) ‘‘MORTGAGE LOAN’’ DOES NOT INCLUDE A LOAN OR
EXTENSION OF CREDIT SECURED BY RESIDENTIAL REAL PROPERTY THAT IS NOT
THE BORROWER’S PRINCIPAL DWELLING.’’;**

strike in their entirety lines 12 through 23, inclusive, and substitute:

**“(12) ‘‘POINTS AND FEES’’ HAS THE MEANING STATED IN
REGULATION Z, 12 C.F.R. § 226.32(B)(1).’’**

**(13) ‘‘TOTAL LOAN AMOUNT’’ HAS THE MEANING STATED IN
REGULATION Z, 12 C.F.R. § 226.32(A)(1).’’;**

in line 24, after “(B)” insert “(1)”; strike beginning with “At” in line 24 down through “the” in line 25 and substitute “**THE**”; in line 26, strike “the borrower” and substitute “**AN APPLICANT FOR AN ADVISORY LOAN**”; in the same line, after “with” insert “**A WRITTEN NOTICE IN THE FORM SPECIFIED IN REGULATIONS ADOPTED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THIS SECTION.**”; and strike beginning with “A” in line 29 down through “counseling.” in line 31 and substitute:

**“(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS
SUBSECTION:**

(I) SHALL INCLUDE:

1. THE LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT HAVE BEEN APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE, AS MOST RECENTLY POSTED ON THE WEBSITE OF THE DEPARTMENT; AND

2. ANY OTHER INFORMATION THE DEPARTMENT DETERMINES IS RELEVANT; AND

(II) SHALL BE PROVIDED:

1. BY A MORTGAGE BROKER, WITHIN 10 BUSINESS DAYS AFTER THE DATE THE INITIAL LOAN APPLICATION IS MADE; AND

2. BY A LENDER, AT THE TIME THE LENDER OFFERS AN ADVISORY LOAN.

(3) THE DEPARTMENT SHALL PROVIDE TO A LENDER OR MORTGAGE BROKER ON REQUEST A LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS APPROVED BY THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION.

(C) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:

(1) SHALL ADOPT REGULATIONS THAT:

(I) SPECIFY THE FORM OF THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION;

(Over)

(II) ESTABLISH QUALIFICATIONS THAT A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MUST MEET TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE TO A BORROWER UNDER THIS SECTION;

(III) SPECIFY THE CONTENT OF THE HOME BUYER EDUCATION OR HOUSING ADVICE, WHICH SHALL INCLUDE ANY APPLICABLE FEDERAL STANDARD, TO BE PROVIDED UNDER THIS SECTION; AND

(IV) ESTABLISH A PROCEDURE BY WHICH A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MAY OBTAIN APPROVAL FROM THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION; AND

(2) MAY ADOPT REGULATIONS TO CARRY OUT OTHER PROVISIONS OF THIS SECTION.”.

On page 10, in line 1, strike “(C)” and substitute “(D)”; strike beginning with “COMPLETE” in line 1 down through “SUBPRIME” in line 2 and substitute “CLOSE AN ADVISORY”; in line 2, after the second “THE” insert “PRIMARY”; in line 3, strike “COUNSELING” and substitute “ADVICE PROVIDED BY A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT”; after line 3, insert:

“(E) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL MAINTAIN AND PUBLISH AT LEAST ONCE EACH CALENDAR QUARTER A LIST OF APPROVED GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT EMPLOY HOUSING ADVISORS.

(F) A VIOLATION OF SUBSECTION (D) OF THIS SECTION IS WITHIN THE SCOPE OF THE INVESTIGATIVE AND ENFORCEMENT POWERS OF:

(1) THE COMMISSIONER UNDER §§ 2-113 THROUGH 2-116 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) THE COMMISSIONER, AS A VIOLATION OF TITLE 11, SUBTITLE 5, OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL UNDER TITLE 13 OF THIS ARTICLE.”;

after line 27, insert:

“(2) (I) “ADVISORY LOAN” MEANS A MORTGAGE LOAN MADE UNDER THIS SUBTITLE THAT BY ITS TERMS:

- 1. PERMITS INTEREST ONLY PAYMENTS;**
- 2. MAY RESULT IN NEGATIVE AMORTIZATION;**
- 3. HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT;**
- 4. INCLUDES A PREPAYMENT PENALTY; OR**
- 5. HAS:**

(Over)

A. A VARIABLE RATE, AS THAT TERM IS USED IN THE FEDERAL TRUTH IN LENDING ACT; AND

B. A FULLY INDEXED RATE THAT WOULD CAUSE THE LOAN TO EXCEED BY 5% OR MORE THE YIELD ON THE APPLICABLE COMPARABLE TREASURY SECURITIES.

(II) "ADVISORY LOAN" DOES NOT INCLUDE:

1. AN OPEN-END OR REVOLVING HOME EQUITY LINE OF CREDIT;

2. A CONSTRUCTION LOAN;

3. A REVERSE MORTGAGE LOAN;

4. A LOAN WHERE THE INTEREST RATE IS FIXED FOR THE ENTIRE LOAN TERM UNLESS THE LOAN BY ITS TERMS HAS POINTS AND FEES PAYABLE BY THE BORROWER AT OR BEFORE CLOSING THAT WILL EXCEED 5% OF THE TOTAL LOAN AMOUNT; OR

5. A LOAN WHERE THE PRINCIPAL AMOUNT EXCEEDS THE LIMITATIONS ON MAXIMUM LOAN AMOUNTS IN THE STATE FOR A SINGLE-FAMILY DWELLING AS ESTABLISHED FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION UNDER 12 U.S.C. § 1717(B)(2).";

in line 28, strike "(2)" and substitute "(3)"; after line 29, insert:

"(4) "APPLICABLE COMPARABLE TREASURY SECURITIES" MEANS:

(I) FOR A MORTGAGE LOAN WITH AN INITIAL INTEREST RATE THAT IS FIXED FOR MORE THAN 1 YEAR, COMPARABLE TREASURY SECURITIES WITH A MATURITY MATCHING THE DURATION OF THE FIXED-RATE PERIOD; AND

(II) FOR ALL OTHER MORTGAGE LOANS, COMPARABLE TREASURY SECURITIES WITH A MATURITY OF 1 YEAR.

(5) “COMMISSIONER” MEANS THE COMMISSIONER OF FINANCIAL REGULATION IN THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(6) “COMPARABLE TREASURY SECURITIES” MEANS THE YIELD ON TREASURY CONSTANT MATURITIES PUBLISHED IN THE FEDERAL RESERVE BOARD’S STATISTICAL RELEASE H-15 AS OF THE 15TH DAY OF THE MONTH IMMEDIATELY PRECEDING THE MONTH IN WHICH THE LOAN APPLICATION IS RECEIVED BY THE CREDIT GRANTOR.”;

in line 30, strike “(3)” and substitute “(7)”; and strike beginning with “APPLICABLE” in line 30 down through “ORIGINATED” in line 32 and substitute “, AS EXPECTED TO BE DEFINED IN THE MORTGAGE LOAN DOCUMENTS, PREVAILING AT THE TIME THE LOAN APPLICATION IS RECEIVED BY THE CREDIT GRANTOR”.

On page 11, in line 1, strike “(4)” and substitute “(8)(I)”; in the same line, strike “COUNSELING” and substitute “ADVICE”; after line 3, insert:

“(II) “HOME BUYER EDUCATION OR HOUSING ADVICE” INCLUDES INSTRUCTION, IN WHOLE OR IN PART, BY TELEPHONIC MEANS.”;

in lines 4 and 6, strike “(5)” and “(6)”, respectively, and substitute “(9)” and “(10)”, respectively; in line 8, strike “(7)” and substitute “(11) (I)”; and after line 9, insert:

(Over)

“(II) “MORTGAGE LOAN” DOES NOT INCLUDE A LOAN OR EXTENSION OF CREDIT SECURED BY RESIDENTIAL REAL PROPERTY THAT IS NOT THE BORROWER’S PRINCIPAL DWELLING.”.

On pages 11 and 12, strike in their entirety the lines beginning with line 10 on page 11 through line 6 on page 12, inclusive, and substitute:

“(12) “POINTS AND FEES” HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32 (B)(1).

“(13) “TOTAL LOAN AMOUNT” HAS THE MEANING STATED IN REGULATION Z, 12 C.F.R. § 226.32 (A)(1).”.

On page 12, in line 7, after “(B)” insert “(1)”; strike beginning with “At” in line 7 down through “the” in line 9 and substitute “**THE**”; in line 9, strike “the borrower” and substitute “**AN APPLICANT FOR AN ADVISORY LOAN**”; in the same line, after “with” insert “**A WRITTEN NOTICE IN THE FORM SPECIFIED IN REGULATIONS ADOPTED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THIS SECTION.**”; strike beginning with “A” in line 12 down through “counseling.” in line 14 and substitute:

“(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) SHALL INCLUDE:

1. THE LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT HAVE BEEN APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE

HOME BUYER EDUCATION OR HOUSING ADVICE, AS MOST RECENTLY POSTED ON THE WEBSITE OF THE DEPARTMENT; AND

2. ANY OTHER INFORMATION THE DEPARTMENT DETERMINES IS RELEVANT; AND

(II) SHALL BE PROVIDED:

1. BY A MORTGAGE BROKER, WITHIN 10 BUSINESS DAYS AFTER THE DATE THE INITIAL LOAN APPLICATION IS MADE; AND

2. BY A CREDIT GRANTOR, AT THE TIME THE LENDER OFFERS AN ADVISORY LOAN.

(3) THE DEPARTMENT SHALL PROVIDE TO A CREDIT GRANTOR OR MORTGAGE BROKER ON REQUEST A LIST OF GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS APPROVED BY THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION.

(C) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:

(1) SHALL ADOPT REGULATIONS THAT:

(I) SPECIFY THE FORM OF THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION;

(II) ESTABLISH QUALIFICATIONS THAT A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MUST MEET TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE TO A BORROWER UNDER THIS SECTION;

(Over)

(III) SPECIFY THE CONTENT OF THE HOME BUYER EDUCATION OR HOUSING ADVICE, WHICH SHALL INCLUDE ANY APPLICABLE FEDERAL STANDARD, TO BE PROVIDED UNDER THIS SECTION; AND

(IV) ESTABLISH A PROCEDURE BY WHICH A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION MAY OBTAIN APPROVAL FROM THE DEPARTMENT TO PROVIDE HOME BUYER EDUCATION OR HOUSING ADVICE UNDER THIS SECTION; AND

(2) MAY ADOPT REGULATIONS TO CARRY OUT OTHER PROVISIONS OF THIS SECTION.”;

in line 15, strike “(C)” and substitute “(D)”; strike beginning with “COMPLETE” in line 15 down through “SUBPRIME” in line 16 and substitute “CLOSE AN ADVISORY”; in line 16, after the second “THE” insert “PRIMARY”; in line 18, strike “COUNSELING” and substitute “ADVICE PROVIDED BY A GOVERNMENT AGENCY OR NONPROFIT ORGANIZATION APPROVED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT”; after line 18, insert:

“(E) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL MAINTAIN AND PUBLISH AT LEAST ONCE EACH CALENDAR QUARTER A LIST OF APPROVED GOVERNMENT AGENCIES AND NONPROFIT ORGANIZATIONS THAT EMPLOY HOUSING ADVISORS.

(F) A VIOLATION OF SUBSECTION (D) OF THIS SECTION IS WITHIN THE SCOPE OF THE INVESTIGATIVE AND ENFORCEMENT POWERS OF:

(1) THE COMMISSIONER UNDER §§ 2-113 THROUGH 2-116 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) THE COMMISSIONER AS A VIOLATION OF TITLE 11, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL UNDER TITLE 13 OF THIS ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall not apply to any lender, mortgage broker, or credit grantor until:

(1) the Department of Housing and Community Development has determined that there are a sufficient number of housing advisors, in a sufficient number of locations, to serve all areas of the State;

(2) the Department has specified the form of the written notice required under this Act; and

(3) the Department has made the list of approved government agencies and nonprofit organizations available through posting on the Department's website for not less than 60 days.”;

in line 19, strike “2.” and substitute “3.”; and in the same line, after “That” insert “, subject to Section 2 of this Act,”.