

# STATE HIGH COST/PREDATORY LENDING REGULATIONS

**State:** Maryland

**Law:** Code of Maryland Regulations Chapter 9.02 updated 2/2009

**Public Link:** <http://www.dsd.state.md.us/comar/09/09.03.06.02.htm>

**Loan Covered:**  Conventional  FHA  VA

**Maximum Loan Amount Covered:** None specified

**Loan Purposes Covered:**  Purchase  Construction/Perm (refinance of construction loan)

Construction  Refinance  Home Equity/closed end

HELOC  Bridge Loan (refinance)  Bridge Loan (purchase if less than 12 mos)

Purchase Plus  Refinance Plus  Home Improvement

One time with modification  One-time Closing

**Borrower(s) Covered:** Natural person or trust  
(See MD Annotated Code 12-127(B)(3) for exception)

**Property Covered:** 1-4 owner occupied residential property

**Total Loan Amount is:**  SAME AS HOEPA/SECTION 32

NOTE AMOUNT

**APR Test:** **1st Lien** >7%

**Subordinate Lien** >9%

**Based upon** the yield on Treasury securities having comparable periods of maturity to the loan maturity as of the fifteenth day of the month immediately preceding the month in which the application for the extension of credit is received by the creditor;

**Fee Test:** >7% of TLA

**FEES TO INCLUDE OR EXCLUDE:** the total points and fees payable by the consumer at or before loan closing will exceed the greater of 8 percent of the total loan amount, or the current dollar amount allowed by Reg Z 226.32 which is adjusted annually on January 1 by the annual percentage change in the Consumer Price Index that was reported on the preceding June 1.

## SPECIAL NOTES:

Maryland has added section 9.02.06.21 which describes "Non-traditional loans" and "Higher Price Loans".

Legal Disclaimer: This is a good faith summary of the state's high cost/predatory lending laws. This is not legal advice. It is not a substitute for legal advice. See the referenced link to the actual law for further details and clarification

**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.**

**Higher Price loans are**

**1ST LIEN 1.5% or greater over the “Average Prime Rate offer published by the FFIEC on their website as of the date the interest rate is set .**

**SUBORDINATE LIEN 3.5% or greater above the FFIEC Average Prime Rate**

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