

Maryland Licensing and Law Highlights QuickNotes™

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 Commissioner of Financial Regulation
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Licensing Law

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| Application Fee | Lender/Broker \$1000/ 2 years \$500 1/ year \$100 investigation fee | Loan Officer – Broker/Net Branch \$300 Licensing – every 2 Years \$100 Investigation Fee - \$75 Change Fee |
| Renewal | Renew on Expiration \$1,000 Over 30 days, re-apply Audit within 24 mo of license, then every 3 years – charge \$250 per day for audit. | Education < 3 Years Experience 40 hour pre-licensing, < 10 Years – 20 Hours CE every 2 years, 10+ Years – 6 Hours CE every 2 years |
| Qualifications | 3 Years mortgage lending experience Partner/Principal/Owner Background check for principal w/ > 10% interest (public corporation - exempt from fingerprinting) Owners w >25% interest do not need originator licenses | Loan Officer 3 Yearsexperience or 40 hour live pre-licensing course 60 Days to Approve license Denied – request hearing in 45 days |
| Surety Bond | Based on Volume – Sworn Statement 0 < 36 months \$15,000 bond (\$25,000 after renewal) <3,000,000 \$25,000 <10,000,000 \$50,000 >10,000,000 \$75,000 per office 5 or more offices – blanket bond \$375,000 | |
| Exemptions | Lender <= 3 loans/yr or brokers <= 1, federally chartered banks, state banks w depository branch, licensed insurance companies, federal/state government, FHLMC, FNMA, GNMA, FhMA, non-profit charitable and religious organizations, private loans to relatives or employees. Processor exempt if did not originate loan and loan not closed in processor's name. | |
| General | Licenses must be posted - same name as licensee Lender must notify of location change 60 days prior to – failure to notify = \$500 fine plus new license Change of control >25% approved 60 days prior Licensee Change/employer/identity \$75 Brick and Mortar Requirement | |

Business Practices

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| Requirements | Appraisals/credit must be ordered within 5 days, must expeditiously process application Licensees may not offer a program is not guaranteed available Upon decline lender must return all documentation, appraisal Advertising - no false or misleading statements, must use licensee name and address Record retention 25 months |
| Prohibited Practices | Broker Fees shared, accept loan from unlicensed entity Lock-ins must allow sufficient time to process, no excuse for not funding Fraud, omission, manipulation or falsification of documentation Property flipping Signing 2nd mortgage documents away from a licensed location or attorney/title office Verbal agreements Signed in blank documents Failure to obtain a financing/broker agreement – refund borrower greater of \$500 or 3 x broker fee No brokering to interested parties / broker and lender fee on same transaction prohibited. Real Estate Broker, insurance, attorney, agent, cannot collect finder's fee from their customer. Insurance cannot be a condition of the loan. |
| Usury | Maximum fee 8% direct or indirect, not including YSP Loan flipping 1st Mortgage 24 months - fee limited to difference between old and new money Loan flipping 2nd within 12 months, except to cure default No prepaid fees/deposits – no financing fees No prepayment penalties allowed 2nd Mortgage Max Rate 24%, 10 Points |
| High Cost | Follow HOEPA Section 32 except Rate Trigger 7% (1% less than federal) Ability to Repay – 45% debt ratio (50% federal) Borrower may request appraisal copy at any time |