

## **MARYLAND HIGH-COST RECAP**

### **What loans are subject to rule:**

Consumer-purpose loans made to a trust or individual secured by a primary dwelling. These provisions apply to licensees, and financial institutions are exempt.

### **Fees included:**

Maryland includes the APR fees payable to a creditor, mortgage broker, and/or its affiliates in the fee test. Comparison percentages are one percentage point less than HOEPA/HCML.

All liens:

If the points and fees exceed 4% of the total loan amount for a loan amount of \$24,866 or more, or the lesser of 7% of the total loan amount or \$1,243 for a loan amount less than \$24,866, then the transaction is a high-cost loan.

### **APR threshold test:**

The transaction is a high-cost loan if the following occurs:

First lien: APR exceeds APOR (as of the date on which the interest rate for the transaction is set) by more than 5.5%.

Subordinate lien: APR exceeds APOR (as of the date on which the interest rate for the transaction is set) by more than 7.5%.

### **Additional limitations:**

No prepayment penalties allowed on any consumer mortgage loans made by a licensee.

Other limitations are concerning credit insurance and underwriting requirements, such as the consumer's ability to repay.

### **Disclosures required:**

At the time a borrower completes a loan application for a covered loan, the lender shall provide the borrower with:

- (i) A written recommendation that the borrower seek home buyer education or housing counseling; and
- (ii) A list of agencies and organizations approved by the county in which the residential real property securing the covered loan is located to provide home buyer education or housing counseling.

Providing the Homeownership Counseling Disclosure and List will comply with this requirement.

**Underlying Regulation:**

[Section 12-124.1 – Homeowner Equity Protection](https://law.justia.com/codes/maryland/2021/commercial-law/title-12/subtitle-1/section-12-124-1/) <https://law.justia.com/codes/maryland/2021/commercial-law/title-12/subtitle-1/section-12-124-1/>

[Section 12-409.1 – Home Buyer’s Equity Protection](https://law.justia.com/codes/maryland/2021/commercial-law/title-12/subtitle-4/section-12-409-1/) <https://law.justia.com/codes/maryland/2021/commercial-law/title-12/subtitle-4/section-12-409-1/>

[Md. Code Regs. 09.03.06.21 - Nontraditional and Higher-Priced Mortgage Loans](https://www.law.cornell.edu/regulations/maryland/COMAR-09-03-06-21)  
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