

Replacement Volume and 1974 Supplement) be and it is hereby repealed and re-enacted, with amendments, to read as follows:

Article 49 - Interest and Usury

2.

(a) Except for loans made under § 7 and except on any loan guaranteed or insured by FHA, VA or any other instrumentality of the federal government a charge or fee, commonly called "points" or mortgage origination fee, and extracted by a lender from either the borrower or any other person as additional compensation for the loan of money, is specifically prohibited under this article.

(b) In the event that charges or fees which, under this article are deemed interest, are assessed at the inception of a contract of indebtedness, the rate of interest required in § 10 of this article shall be determined in the same manner as if fees and charges had not been assessed except that the principal of the loan used in determining the rate of interest shall be the face value of the loan less any fees or charges which are interest.

(C) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A), A LENDER MAY CHARGE POINTS ON [[A CONVENTIONAL LOAN]] A MORTGAGE LOAN WHICH IS NOT INSURED OR GUARANTEED BY AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES GOVERNMENT IF:

(1) THE LOAN IS ELIGIBLE FOR PURCHASE BY AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES GOVERNMENT, OR A SUBSIDIARY THEREOF, PURSUANT TO THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974 (PL93-449) AND IS [[MADE UPON THE GOOD FAITH EXPECTATION THAT IT WILL BE PURCHASED BY]] TENDERED IN GOOD FAITH FOR PURCHASE PURSUANT TO A COMMITMENT OBTAINED BY THE LENDER FROM SUCH AN AGENCY, INSTRUMENTALITY, OR SUBSIDIARY; AND

(2) THE FEDERAL LAW, RULES, OR REGULATIONS UNDER WHICH THE AGENCY, INSTRUMENTALITY, OR SUBSIDIARY IS AUTHORIZED TO PURCHASE THE LOAN ALLOWS THE PAYMENT OF POINTS, AND THE POINTS CHARGED AND THE INTEREST RATE ON THE LOAN ARE NOT IN EXCESS OF THOSE ALLOWED UNDER THE FEDERAL PROGRAM.

SECTION 2. AND BE IT FURTHER ENACTED, That Section 12-108 of Article - Commercial Law, of the Annotated Code of Maryland (as enacted by Chapter (H.B. 26) of the Acts of the 1975 General Assembly) be and it is hereby