

CHAPTER 425

(Senate Bill 58)

AN ACT concerning

Purchase Money Mortgages and Deeds of Trust - Disbursements
of Funds

FOR the purpose of permitting a lender secured by a purchase money mortgage or deed of trust who is required to make oath or affirmation that the amount of the loan so secured has been paid over to a certain party by a certain time to deliver certain net proceeds under certain conditions.

BY repealing and reenacting, with amendments,

Article - Real Property
Section 4-106(b)
Annotated Code of Maryland
(1974 Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to, read as follows:

Article - Real Property

4-106.

(b) (1) No purchase-money mortgage or deed of trust involving land, any part of which is located in the State, is valid either as between the parties or as to any third party unless the mortgage or deed of trust contains or has endorsed on, or attached to it at a time prior to recordation, the oath or affirmation of the party secured by the mortgage or deed of trust stating that the amount of the loan which the mortgage or deed of trust has been given to secure was paid over and disbursed by the party secured by the mortgage or deed of trust to either the borrower or the person responsible for disbursement of funds in the closing transaction or their respective agent at a time no later than the execution and delivery of the mortgage or deed of trust by the borrower. However, this subsection does not apply where a mortgage or deed of trust is given to a vendor in a transaction in order to secure payment to him of all or part of the purchase price of the property. The affidavit required by this subsection is required for only that part of the loan that is purchase money and, if the requirements of this subsection are not satisfied, the mortgage or deed of trust is invalid only to the extent of the part of the loan that is purchase money.

(2) THE LENDER MAY DELIVER NET PROCEEDS, DEDUCTING CHARGES, INTERESTS, EXPENSES, OR ADVANCE ESCROW AND CHARGES DUE FROM THE BORROWER, IF THE FOLLOWING