

(3) THIS SECTION DOES NOT APPLY TO A COVERED LOAN TO A BORROWER WHOSE MONTHLY GROSS INCOME IS GREATER THAN 120 PERCENT OF THE MEDIAN FAMILY INCOME FOR THE METROPOLITAN STATISTICAL AREA IN WHICH THE RESIDENTIAL REAL PROPERTY SECURING THE LOAN IS LOCATED.

12-311.

(a) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "COVERED LOAN" MEANS A MORTGAGE LOAN MADE UNDER THIS SUBTITLE THAT MEETS THE CRITERIA DESCRIBED FOR A LOAN SUBJECT TO THE FEDERAL HOME OWNERSHIP EQUITY PROTECTION ACT SET FORTH IN 15 U.S.C. § 1602(AA), AS MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R. PART 226, EXCEPT THAT THE COMPARISON PERCENTAGES FOR THE MORTGAGE LOAN SHALL BE ONE PERCENTAGE POINT LESS THAN THOSE SPECIFIED IN 15 U.S.C. § 1602(AA), AS MODIFIED FROM TIME TO TIME BY REGULATION Z, 12 C.F.R. PART 226.

(3) "HOME BUYER EDUCATION OR HOUSING COUNSELING" MEANS INSTRUCTION ON PREPARING FOR HOME OWNERSHIP, SHOPPING FOR A HOME, OBTAINING A MORTGAGE, LOAN CLOSING, AND LIFE AS A HOMEOWNER.

(4) "RESIDENTIAL REAL PROPERTY" MEANS OWNER-OCCUPIED REAL PROPERTY HAVING A DWELLING ON IT DESIGNED PRINCIPALLY AS A RESIDENCE WITH ACCOMMODATIONS FOR NOT MORE THAN FOUR FAMILIES.

(B) A lender may not take as security for a loan any:

(1) Confession of judgment or power of attorney to him or to a third person to confess judgment or appear for the borrower in a judicial proceeding;

(2) Assignment or order for payment of wages;

(3) Instrument in which blanks are left to be filled after execution; or

(4) Note, promise to pay, or security instrument which does not state:

(i) The principal amount of the loan;

(ii) A schedule of payments or a description of the schedule; and

(iii) The agreed amount and rate of interest, charges, and fees.

[(b)] (C) (1) A lender may not take any security interest in:

(i) Real property for any loan under \$2,000 in value or amount; or

(ii) Personal property for any loan under \$700 in value or amount.

(2) Any lien taken in violation of this subsection is void.

(3) This subsection does not apply to or affect a lien on an interest in real property which results from a judgment obtained by the lender based on a loan otherwise secured or unsecured.