

(4) A violation of this subsection does not affect the validity of the first lien securing the loan.

12-1029.

(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.

(B) (1) A CREDIT GRANTOR MAY NOT MAKE A COVERED LOAN WITHOUT GIVING DUE REGARD TO THE BORROWER'S ABILITY TO REPAY THE LOAN IN ACCORDANCE WITH ITS TERMS.

(2) A BORROWER IS PRESUMED TO BE ABLE TO REPAY A LOAN IF AT THE TIME THE LOAN IS MADE THE BORROWER'S TOTAL SCHEDULED MONTHLY PAYMENT OBLIGATIONS, INCLUDING THE REQUIRED LOAN PAYMENT, DO NOT EXCEED 40 45 PERCENT OF THE BORROWER'S MONTHLY GROSS INCOME.

(3) THIS SUBSECTION DOES NOT APPLY TO A 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 PLAN IS LOCATED.

(C) (1) IN THIS SUBSECTION, "LOAN APPLICATION" HAS THE MEANING STATED IN § 12-1022 OF THIS SUBTITLE.

(2) AT THE TIME A BORROWER COMPLETES A LOAN APPLICATION FOR A COVERED LOAN, THE CREDIT GRANTOR 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.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows: