

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.] “FULLY INDEXED RATE” MEANS THE INDEX RATE APPLICABLE TO A, AS DEFINED IN THE MORTGAGE LOAN FOR A RESIDENTIAL REAL PROPERTY DOCUMENTS, PREVAILING AT THE TIME IT IS ORIGINATED THE MORTGAGE LOAN IS APPROVED BY THE LENDER, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF AN INTRODUCTORY INTEREST RATE.

(3) (I) “Mortgage loan” has the meaning stated in § 11-501 of the Financial Institutions Article.

(II) “MORTGAGE LOAN” DOES NOT INCLUDE A REVERSE MORTGAGE LOAN.

~~(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) ~~(1)~~ A lender may not make a [covered] MORTGAGE loan without giving due regard to the borrower’s ability to repay the MORTGAGE loan in accordance with its terms, INCLUDING THE FULLY INDEXED RATE OF THE MORTGAGE LOAN, IF APPLICABLE, AND PROPERTY TAXES AND HOMEOWNER’S INSURANCE WHETHER OR NOT AN ESCROW ACCOUNT IS ESTABLISHED FOR THE COLLECTION AND PAYMENT OF THESE EXPENSES.

~~(2) A borrower is presumed to be able to repay a MORTGAGE loan if at the time the MORTGAGE loan is made the borrower’s total scheduled monthly payment obligations, including the [required loan payment] PRINCIPAL, INTEREST, PROPERTY TAXES, AND HOMEOWNER’S INSURANCE, do not exceed 45 percent of the borrower’s monthly gross income.~~

[(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.]

(C) (1) DUE REGARD TO A BORROWER’S ABILITY TO REPAY A MORTGAGE LOAN MUST INCLUDE ~~VERIFICATION~~:

(I) CONSIDERATION OF THE BORROWER’S DEBT TO INCOME RATIO, INCLUDING EXISTING DEBTS AND OTHER OBLIGATIONS; AND