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Proposed Action On Regulations

For information concerning citizen participation in the regulation-making process, see inside front cover.

Symbol Key

- Roman type indicates existing text of regulation.
- *Italic type* indicates proposed new text.
- [Single brackets] indicate text proposed for deletion.

Promulgation of Regulations

An agency wishing to adopt, amend, or repeal regulations must first publish in the Maryland Register a notice of proposed action, a statement of purpose, a comparison to federal standards, an estimate of economic impact, an economic impact on small businesses, a notice giving the public an opportunity of comment on the proposal, and the text of proposed regulations. The opportunity for public comment must be held open for at least 30 days after the proposal is published in the Maryland Register.

Following publication of the proposal in the Maryland Register, 45 days must pass before the agency may take final action on the proposal. When final action is taken, the agency must publish a notice in the Maryland Register. Final action takes effect 10 days after the notice is published, unless the agency specifies a later date. An agency may make changes in the text of a proposal. If the changes are not substantive, these changes are included in the notice of final action and published in the Maryland Register. If the changes are substantive, the agency must repropose the regulations, showing the changes that were made to the originally proposed text.

Proposed action on regulations may be withdrawn by the proposing agency any time before final action is taken. When an agency proposes action on regulations, but does not take final action within 1 year, the proposal is automatically withdrawn by operation of law, and a notice of withdrawal is published in the Maryland Register.

**Title 09
DEPARTMENT OF
LABOR, LICENSING, AND REGULATION**

Subtitle 03 COMMISSIONER OF FINANCIAL REGULATION

09.03.06 Mortgage Lenders

Authority: Business Regulation Article, §2-105; Financial Institutions Article, §§2-105.1, 11-503, 11-506(a), and 11-513(a); Annotated Code of Maryland

Notice of Proposed Action

837598.1

99998/000001

07/01/2008

The Commissioner of Financial Regulation proposes to amend Regulation .04 under **COMAR 09.03.06 Mortgage Lenders**.

Statement of Purpose

The purpose of this action is to provide the Commissioner of Financial Regulation with information that will permit her to assist Maryland homeowners who may be at risk of default on their mortgage loans, or are already in foreclosure, and to better regulate the mortgage industry. The promulgation of this proposed regulation is necessary because of the current and ongoing increases in the number of foreclosures affecting Maryland homeowners. Under current law, the Commissioner of Financial Regulation requires mortgage servicers in Maryland to be licensed. This regulation will require mortgage loan servicers in Maryland to provide detailed monthly reports to the Commissioner. For the prior month, servicers will be required to furnish specific and standardized quantitative and qualitative data regarding the extent of the particular loss mitigation activities they have undertaken to help Maryland homeowners in, or at risk of, payment default and foreclosure. Servicers will also be required to report to the Commissioner information about adjustable rate mortgages related to interest-rate resets. The Commissioner will supply a standard template that will permit the information requested to be provided by each servicer.

Mortgage servicers are generally responsible for the billing, collection, workout, and servicing of loans, and as such, are critical to the ability to restructure mortgage loans for distressed borrowers. The servicer reports generated under the regulation will provide the Commissioner with information needed to properly assess the scope of the Maryland default and foreclosure problem. The information will also be significant because it will enable the Commissioner to implement an early warning system to notify homeowners with adjustable rate mortgages scheduled to reset of information critical to helping them assess their options and avoid foreclosure.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Sarah Bloom Raskin, Commissioner of Financial Regulation, Department of Labor, Licensing, and Regulation, Division of Financial Regulation, 500 North Calvert Street, Baltimore, MD 21202, or call 410-767-0378, or email to bvictorine@dllr.state.md.us, or fax to 410-333-0475. Comments will be accepted through July 21, 2008. A public hearing has not been scheduled.

.04 Records.

A. (text unchanged)

B. Content of Records.

(1)—(2) (text unchanged)

(3) A licensee acting as a servicer shall compile and submit to the Commissioner, on or before the 25th day of each month, a report on the form required by the Commissioner that contains the following information for the preceding month:

(a) The number of mortgage loans the licensee is servicing;

(b) The number of mortgage loans that the licensee is servicing that are in payment default and a breakdown of these mortgage loans by length of payment delinquency, including 30-day, 60-day, and 90-day and longer delinquencies;

(c) Information on loss mitigation activities undertaken including, but not limited to, the following:

(i) The number of workout arrangements entered into by the licensee in connection with mortgage loans;

(ii) A description of the types of workout arrangements, including mortgage loan modifications, and the percentage of each type of workout arrangement entered into;

(iii) The proactive steps taken by the licensee to identify borrowers at a heightened risk of default, such as those with impending interest rate resets, including, but not limited to, contacts with borrowers to assess their ability to repay their mortgage loan obligations;

(d) The number of foreclosure actions commenced in this State in connection with mortgage loans the licensee is servicing;

(e) Information regarding adjustable rate mortgage loans; and

(f) Any other information that the Commissioner may consider necessary, including geographic information regarding applicable mortgage loans.

(4) The Commissioner may:

(a) Publish for public review the report required under §B(3) of this regulation, or any information contained in the report, except personally identifying information regarding borrowers;

(b) Require that the information contained in the report be for a period other than the preceding month; and

(c) Require that the report be provided to the Commissioner on a date later than the 25th day of each month.

[(3)] (5) (text unchanged)

