

Office of the Commissioner of Financial Regulation

Many Bills in the 2019 General Assembly pertained to Financial Regulation. Below are the bills that will impact the Office and its licensees.

Bill Number	Bill Name	Effective Date	Description	Office of Financial Regulation Impact
HB 59 Chapter 90	Financial Institutions - Commissioner of Financial Regulation - Debt Settlement Services	July 1, 2019	Requiring registrants providing debt settlement services to obtain and maintain a unique identifier and to transfer registration information to Nationwide Mortgage Licensing System and Registry (NMLS) during a certain time period; requiring the Commissioner of Financial Regulation to notify certain registrants of the transfer period; requiring a certain applicant to apply for a registration through NMLS; decreasing fees to \$400 from \$1,000 for the issuance or renewal of a registration; etc.	This law requires debt settlement service businesses to submit registrations using the NMLS system starting with registrations for 2020. The debt settlement fee structure will be changed from a \$1,000 fee paid every two years to a yearly \$400 fee, plus payment of the \$100 NMLS fee. The Office will issue guidance to registrants during the summer of 2019.
HB 60 Chapter 91	Department of Labor, Licensing, and Regulation - Renaming	July 1, 2019	Renaming the Department of Labor, Licensing, and Regulation to be the Maryland Department of Labor; renaming the Secretary of Labor, Licensing, and Regulation to be the Secretary of Labor; providing that the Maryland Department of Labor is the successor of the Department of Labor, Licensing, and Regulation; providing that certain names and titles of a certain unit and officials in laws and other documents mean the names and titles of the successor unit and officials; etc.	This law requires the Commissioner's Office to change all collateral and digital material to reflect the name change. Changes will be made to collateral as it is used up. Digital-related changes take effect on July 1, 2019.
HB 61 Chapter 92	Financial Institutions - Commissioner of Financial Regulation - Mortgage Lenders, Loan Servicers, and Loan Originators	Oct 1, 2019	Alters the net worth requirements for certain applicants and licensees for certain mortgage brokering, lending, and loan servicing activities; establishes certain net worth requirements for mortgage loan servicers; authorizes the use of an irrevocable letter of credit from certain institutions to satisfy certain net worth requirements under certain circumstances; increases the examination schedule to	The Commissioner's Office will modify its examination schedule in order to focus its resources on those institutions with the largest risk profiles. The Office will issue guidance on the new net worth requirements for mortgage servicing companies and change its processes regarding licensing and penalty assessment to account for the new provisions.

			five years; changes the penalties associated with failure to notify the Office of a change of address; and changes the term of certain licenses.	
HB 107 Chapter 93	Real Property - Residential Property Foreclosure Procedures	Oct 1, 2019	This law recodifies from the miscellaneous rules section of the Real Property Article to Section 105 of the Real Property Article (pertaining to mortgage foreclosure procedures), provisions related to (1) notice and disclosure requirements for foreclosure sales; (2) FPR; (3) procedures related to notice of filings of actions to foreclose; and (4) requirements for filing with a unit of government a notice or registration of residential property that is subject to foreclosures. The law also makes conforming changes to the relevant foreclosure law and clarifies the Office's role in administering certain provisions of these laws.	This law is a recodification of existing statutes to clarify the provisions of the Maryland Code dealing with real property foreclosure and no action is required by the Office.
HB 222 Chapter 349	Real Property - Residential Real Estate Transactions - Escrow Agents	Oct 1, 2019	Requiring an escrow agent to enter into a written agreement with the purchaser and the seller of certain residential real property when the escrow agent agrees to hold trust money in escrow for the residential real estate transaction; and requiring a written agreement an escrow agent enters into with the purchaser and the seller to contain certain information.	Under this law an escrow agent must enter into a written agreement with the purchaser and seller when the escrow agent agrees to hold trust money in escrow for a residential real estate transaction. The written agreement must contain (1) the amount of the trust money entrusted to the agent; (2) the date the trust money was entrusted to the agent; (3) the responsibility of the agent to notify the purchaser and seller of trust money returned due to dishonored funds; (4) the conditions under which the escrow agent may release the trust money; and (5) the process to address disputes over the release of the trust money. Nothing in the law may be construed to prohibit an escrow agent from transferring trust money to another escrow agent, if the purchaser of the residential real estate for which the trust money is held chooses the escrow agent to whom the trust money is transferred.

<p>HB 425 Chapter 650</p>	<p>Civil Actions - Unfair, Abusive, or Deceptive Trade Practices by Mortgage Servicer - Statute of Limitations</p>	<p>Oct 1, 2019</p>	<p>Extending the statute of limitations applicable to certain civil actions relating to unfair, abusive, or deceptive trade practices filed against a mortgage servicer; limiting the application of the Act to claims relating to certain residential property; and providing for the prospective application of the Act.</p>	<p>This law extends the statute of limitations for filing a civil action by a homeowner for specified claims of unfair, abusive, or deceptive trade practices by a mortgage servicer related to residential property only. The law specifies that such an action must be filed within the earlier of either five years after a foreclosure sale of the residential property or, if the mortgage servicer discloses it's unfair, abusive, or deceptive trade practice to the homeowner, three years after the disclosure. The law applies prospectively and may not be applied to any cause of action arising before the Act's October 1, 2019 effective date.</p>
<p>HB 594/ SB 670 Chapter 546</p>	<p>Financial Institutions - Student Loan Servicers - Unfair, Abusive, or Deceptive Trade Practices</p>	<p>Oct 1, 2019</p>	<p>Defining the term "student education loan"; prohibiting a student loan servicer from employing any scheme, device, or artifice to mislead a student loan borrower; prohibiting a student loan servicer from engaging in any unfair, abusive, or deceptive trade practice; prohibiting a student loan servicer from knowingly misapplying or refusing to correct a misapplication of payments; requiring a student loan servicer to respond to an inquiry within 30 days of receiving the inquiry or complaint; authorizing the Commissioner of Financial Regulation to enforce the Act; etc.</p>	<p>This law establishes a new section in the Education Code that contains a new definition of "student education loan" and provisions that prohibiting a student loan servicer from taking specified adverse actions with regard to student loan borrowers. The law authorizes the Office and the Attorney General to enforce the law. Borrower's complaints received by the Office will be forwarded to the Student Loan Ombudsman's Office for review, assessment, and referral to the Commissioner.</p>
<p>HB 777 /SB 694 Chapter 296</p>	<p>Commercial Law - Credit Card Processors - Merchant Processing Agreements</p>	<p>Oct 1, 2019</p>	<p>Prohibiting a credit card processor from assessing or charging a fee, fine, or penalty that exceeds \$500 if a business entity cancels a merchant processing agreement in certain circumstances; prohibiting any fee, fine, or penalty if a business entity terminates a merchant processing agreement after the expiration of the initial term; requiring a merchant processing agreement to include certain information; applying the Act prospectively; etc.</p>	<p>This law prohibits a credit card processor from assessing or charging a fee, fine, or penalty of more than \$500 if a business entity cancels a "merchant processing agreement" before the expiration of the initial term. Additionally, a credit card processor may not assess a fee, fine, or penalty if a business entity terminates the merchant processing agreement after the expiration of the initial term (unless the parties enter into a separate renewal agreement). The law requires a merchant processing agreement to disclose specified information. The Office is authorized to investigate any complaints received as a result of the law and to use any of the</p>

				investigative and enforcement powers granted under Title 2, Subtitle 1 of the Financial Institutions Article. The law applies only prospectively and has no effect on merchant processing agreements entered into or renewed before the bill's October 1, 2019 effective date.
SB 67 Chapter 87	Financial Institutions - Disclosure of Information from Investigations	Oct 1, 2019	Authorizing the denial of certain records of an investigation by the Commissioner of Financial Regulation; authorizing the publication of information concerning a violation of a law, a regulation, a rule, or an order over which the Commissioner has jurisdiction; etc.	This law enhances the ability of the Commissioner's Office to conduct investigations and enforce Maryland law by clarifying that the confidentiality protections currently set forth in the Maryland Public Information Act apply to the Office's investigatory activity.
SB 68 Chapter 88	Commercial Law - Credit Services - Businesses - Information Statements	Oct 1, 2019	Exempting certain credit services businesses from certain information statement requirements when the credit services business is engaged to obtain an extension of credit for a consumer; requiring credit services businesses engaged in obtaining a credit extension for a consumer to provide the consumer with certain information in the contract and a copy of the contract between the credit services business and the consumer before the consumer executes the contract; etc.	This law exempts a credit services business engaged to obtain an extension of credit for a consumer (or provides advice or assistance to a consumer with regard to obtaining an extension of credit) from providing to consumers certain information related to credit repair activity. The law requires such businesses to provide in the contract information to a consumer regarding the consumer's right to file a complaint and to proceed against a bond. In addition, such businesses must provide the consumer with a copy of the contract between the credit services business and the consumer prior to the execution of the contract.

<p>SB 136 Chapter 288</p>	<p>Corporations - Corporate Records and Electronic Transmission</p>	<p>Oct 1, 2019</p>	<p>Authorizing certain records of a corporation to be maintained by means of any information storage device, method, or electronic network or database, including a distributed electronic network or database, under certain circumstances; requiring a corporation to convert a record maintained in a certain manner into a clearly legible written form on the request of any person entitled to inspect the records; authorizing certain communications, consents, and requests to be made by means of a certain electronic transmission; etc.</p>	<p>This law expands the definition of “electronic transmission” to include the use of or participation in one or more electronic networks or databases, including one or more distributed electronic networks or databases. The law authorizes a corporation to maintain its records by means of any information storage device, method, or electronic network or database, including a distributed electronic network or database, if (1) the records can be converted within a reasonable time into clearly legible written form for visual inspection and (2) the records maintained on an electronic ledger or distributed electronic ledger can be used for specified purposes. Such records must be converted into a clearly legible written form on request of any person who is entitled to inspect the records. The converted written records are admissible as evidence and must be accepted for all other purposes to the same extent as original written records. The Commissioner will conduct an internal education program and update relevant internal policies as needed.</p>
<p>SB 137 Chapter 289</p>	<p>Corporations - Maryland General Corporation Law - Miscellaneous Provisions</p>	<p>Oct 1, 2019</p>	<p>Clarifying voting procedures in certain cumulative voting elections; clarifying the term of a certain director of a corporation elected to fill a vacancy; altering the authority of certain holders of stock to take or consent to certain action; altering the circumstances in which certain holders of stock may take certain action or consent to a certain action by delivering a consent in writing or by electronic transmission; clarifying the time by which a parent corporation is required to provide a certain notice in a certain merger; etc.</p>	<p>This law alters requirements relating to (1) corporate board vacancies; (2) informal action by stockholders of a corporation; (3) quorums to vote on corporate matters; (4) notice requirements for specified merger agreements; (5) the effective date of a consolidation or merger if the successor is a foreign entity; and (6) the powers of Real Estate Investment Trusts (REITs). The Commissioner will conduct an internal education program and update relevant internal policies as needed.</p>

<p>SB 695 / HB 1065</p> <p>Chapter 284</p>	<p>Maryland Commercial Receivership Act</p>	<p>Oct 1, 2019</p>	<p>Establishing a framework for a court to oversee the management and disposition of commercial property subject to receivership; providing standards and guidelines for the appointment, authority, and termination of a receiver over receivership property; establishing duties that may be required of a receiver; establishing a procedure for the transfer of receivership property; repealing certain provisions of law regarding an assignee for the benefit of creditors; etc.</p>	<p>This law establishes a comprehensive process for the appointment, powers, and duties of a receiver for commercial real estate and related personal property. Unless displaced by a particular provision of the law, the principles of law and equity generally supplement the law's provisions. The Commissioner will conduct an internal education program and update relevant internal policies as needed.</p>
<p>SB 512 / HB 1318</p> <p>Chapter 522</p>	<p>Government Shutdowns - Employees - Protections</p>	<p>Upon Enactment</p>	<p>Prohibiting a public service company from terminating electric or gas service to certain residential customers for nonpayment on a day that a government shutdown is in effect and for 7 days after the government shutdown has ended; authorizing the Public Service Commission to adopt certain regulations; requiring a court to stay certain proceedings for the foreclosure or repossession of certain residential property for a certain period of time under certain circumstances; etc.</p>	<p>This law provides specified protections for certain Maryland residents who are employed either by the federal or State government, or by a local government in the State who are involuntarily furloughed from work without pay because of a government shutdown and gives certain protections from utility cut-offs, evictions and foreclosures. The Commissioner will conduct an internal education program and consider issuing an advisory to mortgage lenders and collection agencies as a result of this law.</p>