

(1975 Volume and 1982 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

12-410.

(a) Subject to the provisions of this section, a lender may require a borrower to insure and may collect from him the premiums paid for insurance on:

- (1) Any real property securing the loan;
- (2) The life of any person obligated on the loan; and
- (3) The title of any real property securing the loan.

(B) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (C), (D), AND (E) OF THIS SECTION, A LENDER MAY COLLECT FROM A BORROWER, AT THE OPTION OF THE BORROWER, THE PREMIUMS PAID FOR INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE COVERING THE BORROWER.

(1) "INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE" INCLUDES MEANS ANY INSURANCE DESIGNATED DESIGNED TO PAY A LENDER THE MONTHLY PAYMENT OBLIGATION OF A BORROWER WHO HAS SUFFERED AN INVOLUNTARY LOSS OF EMPLOYMENT.

(2) THE AVAILABILITY OF INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE TO A BORROWER MAY NOT BE MADE CONTINGENT ON THE PURCHASE OF ANY OTHER TYPE OF INSURANCE PERMITTED UNDER THIS SECTION.

~~[(b)]~~ (C) (1) The amount of property insurance may not exceed the reasonable value of the real property insured, and the type of insurance coverage shall bear a reasonable relation to the existing risk of loss.

(2) The amount of life insurance may not exceed the total original amount payable under the loan contract.

(3) THE INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE MAY NOT PROVIDE FOR PERIODIC BENEFITS THAT:

(I) COVERING--A--PERIOD--BEYOND--THE THE PERIODIC BENEFITS SHALL CONTINUE FOR A PERIOD EXCEEDING THE ACTUAL PERIOD OF THE BORROWER'S INVOLUNTARY UNEMPLOYMENT; OR

(II) OF--AN THE AGGREGATE AMOUNT THAT--IS--IN EXCESS--OF--THE--TOTAL--UNPAID--SCHEDULED--PAYMENTS OF PERIODIC BENEFITS PAYABLE IN THE EVENT OF A BORROWER'S INVOLUNTARY LOSS OF EMPLOYMENT SHALL EXCEED THE SCHEDULED UNPAID TOTAL OF PAYMENTS REMAINING ON THE LOAN AS--OF ON THE DATE OF THE BORROWER'S INVOLUNTARY LOSS OF EMPLOYMENT.