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BULLETIN 11-04

Date: March 1, 2011

To: Maryland-licensed title insurers and title insurance producers

Re: Maryland Affordable Housing Trust Accounts

The Maryland Insurance Administration ("Administration") would like to remind title insurance producers and title insurers (collectively "Licensees") that, with some enumerated exceptions, Licensees who anticipate making trust money deposits¹ must establish a Maryland Affordable Housing Trust ("MAHT") account with a financial institution. Licensees must also ensure that the interest earned on the MAHT account, less any reasonable and customary bank charges for commercial accounts, is remitted by the financial institution directly to MAHT. Financial institutions are permitted to waive any service charges on a MAHT account.

MAHT was created by the Maryland General Assembly in 1992 in an attempt to make affordable housing more available in the State of Maryland. It was created under the Housing and Community Development Article of the Maryland Annotated Code, and is regulated pursuant to the Insurance Article of that Code.² Pursuant to the Code of Maryland Regulations ("COMAR") 31.16.03.06, a yearly report is required to be filed with MAHT by every title insurer or title insurance producer who maintains a separate MAHT account. This report must be filed on or before March 31 for the immediately preceding year ending December 31.

Failure to file the yearly report and/or pay the interest earned on a MAHT account may result in a penalty, sanction, or other form of regulatory enforcement by the Insurance Commissioner.

Insurers and insurance producers licensed in Maryland are expected to comply with both the letter and intent of applicable Maryland insurance laws, regulations, and with this Bulletin. All members of the insurance industry should ensure that employees, affiliated agents, and other interested parties are instructed on the applicable code sections and regulations pertaining to the requirements for MAHT accounts.

¹ Trust money means a deposit, payment or other money that a person entrusts to a title insurer or title insurance producer to hold for a buyer or beneficial owner in connection with a real estate escrow, settlement, closing, or title indemnification. See, COMAR 31.16.03.02(13).

² See, §§10-101 - 10-301, 22-103.

Questions regarding this Bulletin may be directed to the Enforcement Unit of the Maryland Insurance Administration at Enforcement@mdinsurance.state.md.us or the Administration's Enforcement Tip Line at 410-468-2200.

Beth Sammis
Acting Commissioner

signature on file with
original
By: _____
Nancy Grodin, Associate Commissioner
Compliance & Enforcement