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ATTENTION:

Owners and Designated Responsible Producers of All Title Insurance Agencies in Maryland

Each year the Maryland Insurance Administration ("Administration") receives referrals from the Maryland Affordable Housing Trust ("MAHT") identifying those Maryland-licensed title insurance agencies that have not complied with their MAHT legal and regulatory requirements.¹ The Administration has begun sending to every producer referred, a Notice of Violation and will, if appropriate, be assessing a penalty to include a fine and/or the suspension or revocation of your individual license as well as the license of the title insurance agency.

This Notice is to remind all owners and designated responsible producers of Maryland-licensed title insurance agencies in Maryland, that for **all transactions meeting certain criteria² you must deposit any trust monies held in connection with that real estate settlement, closing, and escrow into a MAHT account.** Interest earned on each eligible transaction must be paid **to MAHT** at least quarterly.

If you have failed to (1) establish a MAHT account, (2) file the annual MAHT report, (3) file the annual MAHT report with accurate and complete information, (4) accurately determine whether a particular transaction is eligible, and/or (5) inform your bank that it may not deduct wire transfer fees, you are encouraged to contact the Administration prior to receiving a Notice of Violation. Please call (410) 468-2200 or e-mail Enforcement@mdinsurance.state.md.us and provide your name and contact information.

Please see Maryland Affordable Housing Trust: Materials for Title Companies and Financial Institutions³ for specific requirements and instructions for completing a MAHT ACCOUNT ENROLLMENT PACKET, filing the annual report, and determining whether the funds from a single transaction meet certain criteria and must be deposited into a MAHT interest bearing account. You may also contact Ron Callison, the MAHT coordinator, at 410-514-7179.

¹ The attached Bulletin 11-04 was published by the Maryland Insurance Administration ("Administration") on March 1, 2011, and explains in detail the law requiring the establishment of a MAHT Account and the filing of an annual MAHT Report. The insurance laws and regulations requiring compliance are found in the Annotated Code of Maryland, Insurance Article, ("Code"), Section 22-103, and Code of Maryland Regulations ("COMAR") Title 31, Subtitle 16, Chapter 3.

² Please refer to the "Maryland Affordable Housing Trust Materials for Title Companies and Financial Institutions" referenced below.

³ www.mdhousing.org/Website/programs/maht/materials.aspx

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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