

(2) "Covered loan" means a mortgage loan made under this subtitle that meets the criteria for a loan subject to the federal Home Ownership and Equity Protection Act set forth in 15 U.S.C. § 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226, except that the comparison percentages for the mortgage loan shall be one percentage point less than those specified in 15 U.S.C. § 1602(aa), as modified from time to time by Regulation Z, 12 C.F.R. Part 226.

(3) "FULLY INDEXED RATE" MEANS THE INDEX RATE APPLICABLE TO A, AS DEFINED IN THE MORTGAGE LOAN FOR A RESIDENTIAL REAL PROPERTY DOCUMENTS, PREVAILING AT THE TIME IT IS ORIGINATED THE MORTGAGE LOAN IS APPROVED BY THE CREDIT GRANTOR, PLUS THE MARGIN THAT WILL APPLY AFTER THE EXPIRATION OF AN INTRODUCTORY INTEREST RATE.

[(3)] (4) "Home buyer education or housing counseling" means instruction on preparing for home ownership, shopping for a home, obtaining a mortgage, loan closing, and life as a homeowner.

(5) (I) "MORTGAGE LOAN" HAS THE MEANING STATED IN § 11-501 OF THE FINANCIAL INSTITUTIONS ARTICLE.

(II) "MORTGAGE LOAN" DOES NOT INCLUDE A REVERSE MORTGAGE LOAN.

(b) (1) A credit grantor may not make a [covered] MORTGAGE loan without giving due regard to the borrower's ability to repay the MORTGAGE loan in accordance with its terms, INCLUDING THE FULLY INDEXED RATE OF THE MORTGAGE LOAN, IF APPLICABLE, AND PROPERTY TAXES AND HOMEOWNER'S INSURANCE WHETHER OR NOT AN ESCROW ACCOUNT IS ESTABLISHED FOR THE COLLECTION AND PAYMENT OF THESE EXPENSES.

~~(2) A borrower is presumed to be able to repay a MORTGAGE loan if at the time the MORTGAGE loan is made the borrower's total scheduled monthly payment obligations, including the [required loan payment] PRINCIPAL, INTEREST, PROPERTY TAXES, AND HOMEOWNER'S INSURANCE, do not exceed 45 percent of the borrower's monthly gross income.~~

[(3) This subsection does not apply to a loan to a borrower whose monthly gross income is greater than 120 percent of the median family income for the metropolitan statistical area in which the residential real property securing the loan is located.]