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MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION  
INDUSTRY ADVISORY  
REGULATORY GUIDANCE

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October 14, 2021

**REMINDER TO SERVICERS:  
PROPERTY INSPECTION FEES GENERALLY PROHIBITED**

On August 27, 2021, Maryland’s Court of Appeals, the State’s highest court, issued a ruling reaffirming the Commissioner’s longstanding position that mortgage servicers are generally prohibited from imposing property inspection fees on Maryland borrowers. The ruling was issued in the case of *Nationstar Mortgage LLC d/b/a Mr. Cooper, et. al. v. Donna Kemp*, available [here](#).

The Court had previously ruled, in *Taylor v. Friedman*, 344 Md. 572 (1997), that the general prohibition on inspection fees does not end at loan closing, but continues for the life of the loan. That ruling has been the basis of the Commissioner’s position, as addressed in [this 2014 advisory](#). In *Kemp*, the argument that a servicer is not a “lender” as defined in applicable law, and therefore is not prohibited from imposing inspection fees, was rejected by the Court.

Servicers are reminded that they may not impose fees on Maryland borrowers for routine property inspections associated with mortgage delinquency. Applicable law permits property inspection fees to be imposed on borrowers only in instances in which the inspection is needed to ascertain:

- Construction of a new home; or
- Repairs, alterations, or other work required by the lender.

For questions about this advisory, please contact Christine Brooks, Director of Mortgage Supervision, by phone at (410) 230-6074 or by email at [christine.brooks@maryland.gov](mailto:christine.brooks@maryland.gov).

*The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at [www.labor.maryland.gov/finance](http://www.labor.maryland.gov/finance).*

