

SENATE BILL 850

N1

4r2983
CF HB 1346

By: **Senator Conway**

Introduced and read first time: January 31, 2014

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 14, 2014

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Prohibition on Acquiring Mortgages or Deeds of Trust by**
3 **Condemnation**

4 FOR the purpose of prohibiting the State or any of its instrumentalities or political
5 subdivisions from acquiring mortgages or deeds of trust by condemnation
6 during a certain period of time; and generally relating to condemnation.

7 BY repealing and reenacting, with amendments,
8 Article – Real Property
9 Section 12–101
10 Annotated Code of Maryland
11 (2010 Replacement Volume and 2013 Supplement)

12 Preamble

13 ~~WHEREAS, Proposals have been made in Maryland and other states for local~~
14 ~~governments to use their powers of eminent domain to acquire mortgages at~~
15 ~~discounted values for the purpose of restructuring mortgage loan contracts and selling~~
16 ~~the loans at a premium; and~~

17 ~~WHEREAS, The use of eminent domain to acquire mortgages undermines the~~
18 ~~sanctity of the contractual relationship between a borrower and a creditor; and~~

19 ~~WHEREAS, The Federal Housing Finance Agency and the U.S. Department of~~
20 ~~Housing and Urban Development have expressed serious concerns that the use of~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~1 eminent domain to acquire mortgages, including mortgages whose underlying
2 collateral values are less than the principals of the loans secured by the mortgages,
3 would create great uncertainty for lenders and investors in the mortgage market; and~~

~~4 WHEREAS, Such uncertainty in the mortgage market could result in increased
5 costs of credit to borrowers seeking to become homeowners, a contraction in credit in
6 the communities where mortgages are acquired by eminent domain, and a reduced
7 demand for housing that artificially depresses home values and lowers local tax bases;
8 now, therefore,~~

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

11 **Article – Real Property**

12 12–101.

13 (A) All proceedings for the acquisition of private property for public use by
14 condemnation are governed by the provisions of this title and of Title 12, Chapter 200
15 of the Maryland Rules.

16 (B) Nothing in this title prevents this State or any of its instrumentalities or
17 political subdivisions, acting under statute or ordinance passed pursuant to Article III
18 of the Maryland Constitution, from taking private property for public use immediately
19 on making the required payment and giving any required security.

20 (C) [In addition, this] **THIS** title does not prevent the State Roads
21 Commission from using the procedures set forth in Title 8, Subtitle 3 of the
22 Transportation Article, or prevent Baltimore City from using the procedure set forth
23 in the Charter of Baltimore City and §§ 21–12 through 21–22, inclusive, of the Public
24 Local Laws of Baltimore City.

25 (D) **NOTWITHSTANDING ANY OTHER LAW, FROM JUNE 1, 2014, TO MAY**
26 **30, 2016, BOTH INCLUSIVE, THE STATE OR ANY OF ITS INSTRUMENTALITIES OR**
27 **POLITICAL SUBDIVISIONS MAY NOT ACQUIRE A MORTGAGE OR DEED OF TRUST**
28 **BY CONDEMNATION.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 ~~October~~ June 1, 2014.