

HOUSE BILL 1021

N1, D3
HB 1035/08 – ENV

~~EMERGENCY BILL~~

4lr0577

By: **Prince George's County Delegation**

Introduced and read first time: February 6, 2014

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 1, 2014

CHAPTER _____

AN ACT concerning

**Prince George's County – Foreclosure – ~~Subprime Mortgages – Moratorium~~
Report by Department of Housing and Community Development and
Commissioner of Financial Regulation**

PG 411-14

FOR the purpose of ~~prohibiting a creditor from maintaining suit in an action to foreclose a certain mortgage on residential real property in Prince George's County under certain circumstances; establishing that a certain creditor may be liable for certain damages under certain circumstances; defining certain terms; providing for the application of this Act; making this Act an emergency measure; providing for the termination of this Act; and generally relating to imposing a moratorium on the foreclosure of certain subprime mortgages requiring the Department of Housing and Community Development and the Commissioner of Financial Regulation to conduct certain analyses based on the available data of certain foreclosure trends for residential real property in Prince George's County; requiring the Department and the Commissioner to report the Department's and the Commissioner's findings to certain committees and certain delegations of the General Assembly on or before a certain date; and generally relating to foreclosures on residential real property in Prince George's County.~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

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.



(a) The Department of Housing and Community Development and the Commissioner of Financial Regulation shall conduct the following analyses based on the available data:

(1) foreclosure trends for residential real property since 2007, at both county and zip code levels, in order to identify the communities hardest hit by the foreclosure crisis in Prince George's County;

(2) short-term and long-term delinquency trends for residential real property since 2007, at both county and zip code levels, in order to identify at-risk communities in Prince George's County;

(3) housing market trends at the county level, including home sales, median home sales price, inventory, months' supply, housing affordability, and residential construction, in order to evaluate the impact of high foreclosure rates on the housing market recovery in Prince George's County; and

(4) trends in the average period that residential real property in Prince George's County is in default prior to the issuance of a notice of intent to foreclose, based on zip code and loan servicer.

(b) On or before December 31, 2014, the Department and the Commissioner shall report the Department's and the Commissioner's findings, in accordance with § 2-1246 of the State Government Article, to the Senate Judicial Proceedings Committee, the House Environmental Matters Committee, and the Prince George's County House and Senate Delegations.

~~(a) (1) In this section the following words have the meanings indicated:~~

~~(2) "Deceptive subprime mortgage" means a mortgage that:~~

~~(i) is an extension of credit to a Prince George's County homeowner by a creditor that employed deceptive means, including an exaggeration of a Prince George's County homeowner's potential future income or a failure to properly disclose the current and future interest rate of a mortgage, to convince a Prince George's County homeowner to borrow more than the Prince George's County homeowner could afford, or could have reasonably been expected to afford; and~~

~~(ii) 1. allows a Prince George's County homeowner to pay only interest for a period of time;~~

~~2. allows a Prince George's County homeowner to make a minimum payment that may be lower than the payment required to reduce the balance of the mortgage;~~

~~3. has an initial fixed rate that, after a period of time, is replaced with a variable rate; or~~

~~4. was agreed to with minimal or no income verification information requested from the Prince George's County homeowner.~~

~~(3) "Prince George's County homeowner" means the record owner of residential real property in Prince George's County consisting of not more than four single family dwelling units, one of which is occupied by the owner, as the owner's principal residence, at the time an order to docket or a petition to foreclose is filed.~~

~~(b) In an action to foreclose a mortgage entered into by a Prince George's County homeowner, the creditor may not maintain suit in a court of this State unless the creditor shows to the satisfaction of the court that the mortgage is not a deceptive subprime mortgage.~~

~~(c) A creditor that fails to show to the satisfaction of the court that the mortgage is not a deceptive subprime mortgage may be liable for damages not exceeding the amount of the mortgage, in addition to any other penalty provided by law.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any suit filed before the effective date of this Act.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted. It shall remain effective for a period of 6 months from the date it is enacted and, at the end of the 6 month period, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.~~

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.