

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 954

(Delegate Holmes)

Environment and Transportation

Judicial Proceedings

Foreclosed Property Registry - Updated Information - Notice to Local Governments

This bill requires the Department of Labor, Licensing, and Regulation (DLLR) to promptly send a copy of an initial registration of a property with the Foreclosed Property Registry (FPR) to the county and, if appropriate, the municipal corporation in which the property is located. The bill also requires DLLR to establish procedures that require a foreclosure purchaser to send DLLR any updates to the information about the foreclosure purchaser that was submitted in the initial registration. It further requires DLLR to promptly send the county (and municipal corporation, as appropriate) notice of any such updated information received by the department.

Fiscal Summary

State Effect: DLLR can implement the bill's requirements with existing resources, as discussed below. Revenues are not affected.

Local Effect: Local governments can receive registration information with existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law:

Foreclosed Property Registry

Chapter 155 of 2012 required DLLR to establish and maintain an Internet-based FPR for information relating to foreclosure sales of residential property. The law requires a foreclosure purchaser to submit an initial registration form to DLLR within 30 days of the sale and a final registration form within 30 days after a deed transferring title to the property has been recorded. The initial registration form requires the foreclosure purchaser to provide specified information, including (1) the contact information of the purchaser; (2) the street address of the foreclosed property; (3) whether the property is a single-family or multifamily property; (4) to the best of the purchaser's knowledge, whether the property is vacant; and (5) whether the purchaser has possession of the property. A local jurisdiction may enact a local law that imposes a fine of up to \$1,000 for failure to register, and a local government that abates a nuisance on or maintains a registered property may collect any incurred costs as a charge included on the property's tax bill, as long as specified notice requirements are met.

The registry is supported by a special, nonlapsing fund administered by DLLR. The fund consists of filing fee revenue collected by DLLR for registrations, the fund's investment earnings, money appropriated in the State budget to the fund, and any other money from any other source accepted for the benefit of the fund. The purpose of the fund is to support the development, administration, and maintenance of the registry.

DLLR is prohibited from granting access to the registry to any person or entity other than a local jurisdiction, its agencies or representatives, or a State agency. FPR is not a public record as defined by the State Government Article and is, therefore, exempt from public access requirements. However, DLLR or a local jurisdiction may provide information for a specific property in the registry to a person who owns property on the same block or a homeowners association or condominium in which the property is located.

Only the State may enact a law requiring a notice to be filed with a governmental unit relating to residential properties that are subject to foreclosure. However, another unit of government may require a registration or notice to be filed for a purpose other than one relating to foreclosure, even if a property to be identified in the registration or notice is subject to foreclosure.

Background: DLLR advises that FPR received 13,274 initial registrations in 2016, averaging 1,106 per month.

In an interim work session that addressed foreclosures, the House Environment and Transportation Committee discussed, among other proposals, House Bill 1286 of 2016. The bill would have expanded the required contents of an initial registration submitted to FPR to include the county where the property is located. It would have also required DLLR to promptly send an electronic copy of the initial registration to the appropriate official of the county and, on request, to the appropriate official of the municipal corporation where the property is located.

State Expenditures: The bill's requirements can likely be met with existing resources. DLLR advises that the changes included in the bill were anticipated in the upgrades under development during fiscal 2017, although internal processes and policies will need to be adjusted to accommodate the bill's requirements.

DLLR further advises that it initiated upgrades to the online registry database and website in 2016 in order to make the system more user-friendly. The changes to be made to the system include (1) redesigning the user interfaces so users outside of DLLR can create accounts faster and submit or access data in an appropriate format; (2) upgrading analytics components to produce more accurate reports and analysis; (3) adding features that allow for more efficient communication between DLLR staff and other users of FPR; and (4) updating the appearance of the registry to mirror the new template for State websites. DLLR advises that it anticipates development of the upgrades to begin in March 2017.

Additional Information

Prior Introductions: HB 1286 of 2016, a similar bill, was referred to interim study by the House Environment and Transportation Committee.

Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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