

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 565 (Delegate Schisler)  
Environmental Matters

---

Real Property - Recording - Memorandum of Security Instrument

---

This bill authorizes a memorandum of a security instrument (mortgage or deed of trust) to be recorded in lieu of recording the security instrument.

---

Fiscal Summary

**State Effect:** Potential reduction in general funds from recordation fees collected by the clerks of the courts. Any reduction is assumed to be negligible because most recorded security instruments are nine or fewer pages in length. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** Minimal.

---

Analysis

**Bill Summary:** The memorandum must be signed by each person who signed the security instrument and must at least contain: (1) the names and addresses of the parties; (2) the date the instrument was signed and acknowledged before a notary; (3) the amount and maturity date of the loan; (4) whether the instrument secures future advances; (5) whether the loan is a purchase money mortgage, a revolving loan, a refinancing, or a second mortgage; (6) conditions and circumstances for default and foreclosure; and (7) a description of the subject property. The bill requires the lender to give the borrower a copy of the signed security instrument. The bill also requires the lender or the lender's successor to keep the original security instrument until the loan is paid in full.

**Current Law:** Generally, an interest in real property, including a mortgage or deed of trust, must be recorded in order to pass or take effect. For options and leases that must be recorded, a memorandum of the option or the lease may be recorded in lieu of the option or lease. A mortgage or deed of trust must be recorded in its entirety.

The recordation fee is \$20 for an instrument of nine or fewer pages in length or for an instrument involving solely a principal residence. The recordation fee is \$75 for other instruments of ten pages or more in length.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Office of the Attorney General, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2003  
lc/cer

---

Analysis by: Ryan Wilson

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510