

UNOFFICIAL COPY OF SENATE BILL 761
EMERGENCY BILL

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5lr1509
CF 5lr1397

By: **Senator Frosh**

Introduced and read first time: February 4, 2005

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Foreclosure - Protection of Homeowners**

3 FOR the purpose of specifying the form and contents of certain contracts and
4 documents; providing that a homeowner has the right to rescind certain
5 contracts and transactions within a certain time; providing for the manner of
6 giving notice of rescission; requiring a homeowner who rescinds certain
7 contracts or transactions to repay certain funds with interest within a certain
8 time; prohibiting foreclosure consultants and foreclosure purchasers from
9 engaging in certain practices; requiring a homeowner to be provided with copies
10 of certain documents; providing that certain provisions in certain documents are
11 void; prohibiting certain documents from being recorded within a certain period;
12 requiring certain deeds to contain a certain affidavit; establishing certain
13 rebuttable presumptions; requiring a certain audit account to be restated under
14 certain circumstances; providing for the enforcement of this Act; providing
15 penalties for violations of this Act; requiring a written notice of a foreclosure sale
16 to contain a certain statement; providing for the effect of a certain order for
17 resale in a foreclosure proceeding; defining certain terms; making this Act an
18 emergency measure; and generally relating to foreclosure.

19 BY repealing and reenacting, with amendments,
20 Article - Real Property
21 Section 7-105(b)
22 Annotated Code of Maryland
23 (2003 Replacement Volume and 2004 Supplement)

24 BY adding to
25 Article - Real Property
26 Section 7-105(h); and 7-301 through 7-321, inclusive, to be under the new
27 subtitle "Subtitle 3. Protection of Homeowners in Foreclosure"
28 Annotated Code of Maryland
29 (2003 Replacement Volume and 2004 Supplement)

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

1 **Article - Real Property**

2 7-105.

3 (b) (1) (i) In this subsection, "record owner" means the person holding
4 record title to property as of the later of:

5 1. 30 days before the day on which a foreclosure sale of the
6 property is actually held; and

7 2. The date on which an action to foreclose the mortgage or
8 deed of trust is filed.

9 (ii) In addition to any notice required to be given by provisions of
10 the Annotated Code of Maryland or the Maryland Rules, the person authorized to
11 make a sale in an action to foreclose a mortgage or deed of trust shall give written
12 notice of the proposed sale to the record owner of the property to be sold.

13 (2) (i) The written notice shall be sent:

14 1. By certified mail, postage prepaid, return receipt
15 requested, bearing a postmark from the United States Postal Service, to the record
16 owner; and

17 2. By first class mail.

18 (ii) The notice shall state the time, place, and terms of the sale and
19 shall be sent not earlier than 30 days and not later than 10 days before the date of
20 sale.

21 (III) THE NOTICE SHALL CONTAIN THE FOLLOWING STATEMENT
22 PRINTED IN AT LEAST 14 POINT BOLDFACE TYPE:

23 "NOTICE REQUIRED BY MARYLAND LAW

24 MORTGAGE FORECLOSURE IS A COMPLEX PROCESS. SOME PEOPLE MAY
25 APPROACH YOU ABOUT "SAVING" YOUR HOME. YOU SHOULD BE CAREFUL ABOUT ANY
26 SUCH PROMISES.

27 THE STATE ENCOURAGES YOU TO BECOME INFORMED ABOUT YOUR OPTIONS
28 IN FORECLOSURE BEFORE ENTERING INTO ANY AGREEMENTS WITH ANYONE IN
29 CONNECTION WITH THE FORECLOSURE OF YOUR HOME. THERE ARE GOVERNMENT
30 AGENCIES AND NONPROFIT ORGANIZATIONS THAT YOU MAY CONTACT FOR
31 HELPFUL INFORMATION ABOUT THE FORECLOSURE PROCESS. FOR THE NAME AND
32 TELEPHONE NUMBER OF AN ORGANIZATION NEAR YOU, PLEASE CALL THE
33 CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL OF
34 MARYLAND AT 1 (888) 743-0023. THE STATE DOES NOT GUARANTEE THE ADVICE OF
35 THESE ORGANIZATIONS.

1 DO NOT DELAY DEALING WITH THE FORECLOSURE BECAUSE YOUR OPTIONS
2 MAY BECOME MORE LIMITED AS TIME PASSES."

3 [(iii)] (IV) The person giving the notice shall file in the proceedings:

4 1. A return receipt; or

5 2. An affidavit that:

6 A. The provisions of this paragraph have been complied with;

7 or

8 B. The address of the record owner is not reasonably

9 ascertainable.

10 [(iv)] (V) The person authorized to make a sale in an action to
11 foreclose a mortgage or deed of trust is not required to give notice to a record owner
12 whose address is not reasonably ascertainable.

13 (3) In the event of postponement of sale, which may be done in the
14 discretion of the trustee, no new or additional notice need be given pursuant to this
15 section.

16 (4) The right of a record owner to file an action for the failure of the
17 person authorized to make a sale in an action to foreclose a mortgage or deed of trust
18 to comply with the provisions of this subsection shall expire 3 years after the date of
19 the order ratifying the foreclosure sale.

20 (H) THE ENTRY OF AN ORDER FOR RESALE ON DEFAULT BY A PURCHASER AT
21 A SALE UNDER THIS SECTION AND TITLE 14 OF THE MARYLAND RULES:

22 (1) DOES NOT AFFECT THE PRIOR RATIFICATION OF THE SALE AND
23 DOES NOT RESTORE TO THE MORTGAGOR OR FORMER RECORD OWNER ANY RIGHT
24 OR REMEDY THAT WAS EXTINGUISHED BY THE PRIOR SALE AND ITS RATIFICATION;
25 AND

26 (2) EXTINGUISHES ALL INTEREST OF THE DEFAULTING PURCHASER IN
27 THE REAL PROPERTY BEING FORECLOSED AND IN THE PROCEEDS OF THE RESALE.

28 SUBTITLE 3. PROTECTION OF HOMEOWNERS IN FORECLOSURE.

29 PART I. DEFINITIONS; GENERAL PROVISIONS.

30 7-301.

31 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
32 INDICATED.

1 (B) (1) "CONSIDERATION" MEANS ANY PAYMENT OR THING OF VALUE
2 PROVIDED TO A HOMEOWNER BY A FORECLOSURE CONSULTANT OR FORECLOSURE
3 PURCHASER.

4 (2) "CONSIDERATION" INCLUDES:

5 (I) UNPAID RENT, LEASE, OR CONTRACTUAL PAYMENTS OWED BY
6 THE HOMEOWNER UNDER A FORECLOSURE CONVEYANCE AGREEMENT;

7 (II) MORTGAGE LOAN OR OTHER PAYMENTS MADE ON BEHALF OF A
8 HOMEOWNER BY A FORECLOSURE CONSULTANT OR FORECLOSURE PURCHASER;

9 (III) REASONABLE COSTS PAID TO THIRD PARTIES NECESSARY TO
10 COMPLETE A FORECLOSURE RECONVEYANCE TRANSACTION OR TO AVOID
11 FORECLOSURE;

12 (IV) THE PAYMENT OF MONEY TO SATISFY A DEBT OR LEGAL
13 OBLIGATION OF THE HOMEOWNER; OR

14 (V) THE REASONABLE COST OF REPAIRS FOR DAMAGE TO THE
15 DWELLING CAUSED BY THE HOMEOWNER.

16 (3) "CONSIDERATION" DOES NOT INCLUDE AMOUNTS IMPUTED AS A
17 DOWN PAYMENT OR FEE TO THE FORECLOSURE PURCHASER OR A PERSON ACTING
18 IN PARTICIPATION WITH A FORECLOSURE PURCHASER INCIDENT TO A CONTRACT
19 FOR SALE, DEED, LEASE, TRUST, OR OPTION TO PURCHASE ENTERED INTO AS PART
20 OF A FORECLOSURE RECONVEYANCE, EXCEPT FOR REASONABLE COSTS PAID TO
21 THIRD PARTIES NECESSARY TO COMPLETE THE FORECLOSURE RECONVEYANCE.

22 (C) "FORECLOSURE CONSULTANT" MEANS A PERSON WHO:

23 (1) DIRECTLY OR INDIRECTLY MAKES ANY SOLICITATION,
24 REPRESENTATION, OR OFFER TO A HOMEOWNER TO PERFORM, WITH OR WITHOUT
25 COMPENSATION, OR WHO PERFORMS, WITH OR WITHOUT COMPENSATION, ANY
26 SERVICE THAT THE PERSON REPRESENTS WILL IN ANY MANNER:

27 (I) STOP, ENJOIN, DELAY, VOID, SET ASIDE, ANNUL, STAY, OR
28 POSTPONE A FORECLOSURE SALE;

29 (II) OBTAIN FORBEARANCE FROM ANY SERVICER, BENEFICIARY OR
30 MORTGAGEE;

31 (III) ASSIST THE HOMEOWNER TO EXERCISE A RIGHT OF
32 REINSTATEMENT PROVIDED IN THE LOAN DOCUMENTS OR TO REFINANCE A LOAN
33 THAT IS IN FORECLOSURE AND FOR WHICH NOTICE OF FORECLOSURE PROCEEDINGS
34 HAS BEEN PUBLISHED;

35 (IV) OBTAIN AN EXTENSION OF THE PERIOD WITHIN WHICH THE
36 HOMEOWNER MAY REINSTATE THE HOMEOWNER'S OBLIGATION OR EXTEND THE
37 DEADLINE TO OBJECT TO A RATIFICATION;

1 (V) OBTAIN A WAIVER OF AN ACCELERATION CLAUSE CONTAINED
2 IN ANY PROMISSORY NOTE OR CONTRACT SECURED BY A MORTGAGE ON A
3 RESIDENCE IN FORECLOSURE OR CONTAINED IN THE MORTGAGE;

4 (VI) ASSIST THE HOMEOWNER TO OBTAIN A LOAN OR ADVANCE OF
5 FUNDS;

6 (VII) AVOID OR AMELIORATE THE IMPAIRMENT OF THE
7 HOMEOWNER'S CREDIT RESULTING FROM THE FILING OF AN ORDER TO DOCKET OR
8 A PETITION TO FORECLOSE OR THE CONDUCT OF A FORECLOSURE SALE;

9 (VIII) SAVE THE HOMEOWNER'S RESIDENCE FROM FORECLOSURE;

10 (IX) PURCHASE OR OBTAIN AN OPTION TO PURCHASE THE
11 HOMEOWNER'S RESIDENCE WITHIN 20 DAYS OF AN ADVERTISED OR DOCKETED
12 FORECLOSURE SALE;

13 (X) ARRANGE FOR THE HOMEOWNER TO BECOME A LESSEE OR
14 RENTER ENTITLED TO CONTINUE TO RESIDE IN THE HOMEOWNER'S RESIDENCE;

15 (XI) ARRANGE FOR THE HOMEOWNER TO HAVE AN OPTION TO
16 REPURCHASE THE HOMEOWNER'S RESIDENCE; OR

17 (XII) ENGAGE IN ANY DOCUMENTATION, GRANT, CONVEYANCE,
18 SALE, LEASE, TRUST, OR GIFT BY WHICH THE HOMEOWNER CLOGS THE
19 HOMEOWNER'S EQUITY OF REDEMPTION IN THE HOMEOWNER'S RESIDENCE; OR

20 (2) SYSTEMATICALLY CONTACTS OWNERS OF PROPERTY THAT COURT
21 RECORDS OR NEWSPAPER ADVERTISEMENTS SHOW ARE IN FORECLOSURE OR IN
22 DANGER OF FORECLOSURE.

23 (D) "FORECLOSURE CONSULTING CONTRACT" MEANS A WRITTEN, ORAL, OR
24 EQUITABLE AGREEMENT BETWEEN A FORECLOSURE CONSULTANT AND A
25 HOMEOWNER FOR THE PROVISION OF ANY FORECLOSURE CONSULTING SERVICE OR
26 FORECLOSURE RECONVEYANCE.

27 (E) "FORECLOSURE CONSULTING SERVICE" INCLUDES:

28 (1) DEBT, BUDGET, OR FINANCIAL COUNSELING OF ANY TYPE;

29 (2) RECEIVING MONEY FOR THE PURPOSE OF DISTRIBUTING IT TO
30 CREDITORS IN PAYMENT OR PARTIAL PAYMENT OF ANY OBLIGATION SECURED BY A
31 LIEN ON A RESIDENCE IN FORECLOSURE;

32 (3) CONTACTING CREDITORS ON BEHALF OF A HOMEOWNER;

33 (4) ARRANGING OR ATTEMPTING TO ARRANGE FOR AN EXTENSION OF
34 THE PERIOD WITHIN WHICH A HOMEOWNER MAY CURE THE HOMEOWNER'S
35 DEFAULT AND REINSTATE THE HOMEOWNER'S OBLIGATION;

1 (5) ARRANGING OR ATTEMPTING TO ARRANGE FOR ANY DELAY OR
2 POSTPONEMENT OF THE SALE OF A RESIDENCE IN FORECLOSURE;

3 (6) ADVISING THE FILING OF ANY DOCUMENT OR ASSISTING IN ANY
4 MANNER IN THE PREPARATION OF ANY DOCUMENT FOR FILING WITH A
5 BANKRUPTCY COURT OR IN A STATE COURT;

6 (7) GIVING ANY ADVICE, EXPLANATION, OR INSTRUCTION TO A
7 HOMEOWNER THAT IN ANY MANNER RELATES TO THE CURE OF A DEFAULT IN OR
8 THE REINSTATEMENT OF AN OBLIGATION SECURED BY A LIEN ON THE RESIDENCE
9 IN FORECLOSURE, THE FULL SATISFACTION OF THAT OBLIGATION, OR THE
10 POSTPONEMENT OR AVOIDANCE OF A SALE OF A RESIDENCE IN FORECLOSURE
11 UNDER A POWER OF SALE OR AN ASSENT TO A DECREE CONTAINED IN ANY
12 MORTGAGE OR DEED OF TRUST;

13 (8) ARRANGING OR FACILITATING THE PURCHASE OF A HOMEOWNER'S
14 EQUITY OF REDEMPTION OR LEGAL OR EQUITABLE TITLE WITHIN 20 DAYS OF AN
15 ADVERTISED OR DOCKETED FORECLOSURE SALE;

16 (9) ARRANGING OR FACILITATING ANY TRANSACTION THROUGH WHICH
17 A HOMEOWNER WILL BECOME A LESSEE, OPTIONEE, LIFE TENANT, PARTIAL
18 HOMEOWNER, OR VESTED OR CONTINGENT REMAINDERMAN OF THE HOMEOWNER'S
19 RESIDENCE;

20 (10) ARRANGING OR FACILITATING THE SALE OF A HOMEOWNER'S
21 RESIDENCE OR THE TRANSFER OF LEGAL TITLE, IN ANY FORM, TO ANOTHER PARTY
22 AS AN ALTERNATIVE TO FORECLOSURE;

23 (11) ARRANGING FOR A HOMEOWNER TO HAVE AN OPTION TO
24 REPURCHASE THE HOMEOWNER'S RESIDENCE AFTER A SALE OR TRANSFER;

25 (12) ARRANGING FOR OR FACILITATING A HOMEOWNER REMAINING IN
26 THE HOMEOWNER'S RESIDENCE AS A TENANT, RENTER, OR LESSEE; OR

27 (13) ARRANGING OR FACILITATING ANY OTHER GRANT, CONVEYANCE,
28 SALE, LEASE, TRUST, OR GIFT BY WHICH A HOMEOWNER CLOGS THE HOMEOWNER'S
29 EQUITY OF REDEMPTION IN THE HOMEOWNER'S RESIDENCE.

30 (F) "FORECLOSURE PURCHASER" MEANS A PERSON WHO ACQUIRES TITLE OR
31 POSSESSION OF A DEED OR OTHER DOCUMENT TO A RESIDENCE IN FORECLOSURE
32 AS A RESULT OF A FORECLOSURE RECONVEYANCE.

33 (G) "FORECLOSURE RECONVEYANCE" MEANS A TRANSACTION INVOLVING:

34 (1) THE TRANSFER OF TITLE TO REAL PROPERTY BY A HOMEOWNER
35 DURING OR INCIDENT TO A PROPOSED FORECLOSURE PROCEEDING, EITHER BY
36 TRANSFER OF INTEREST FROM THE HOMEOWNER TO ANOTHER PARTY OR BY
37 CREATION OF A MORTGAGE, TRUST, OR OTHER LIEN OR ENCUMBRANCE DURING THE
38 FORECLOSURE PROCESS THAT ALLOWS THE ACQUIRER TO OBTAIN LEGAL OR
39 EQUITABLE TITLE TO ALL OR PART OF THE PROPERTY; AND

1 (2) THE SUBSEQUENT CONVEYANCE, OR PROMISE OF A SUBSEQUENT
2 CONVEYANCE, OF AN INTEREST BACK TO THE HOMEOWNER BY THE ACQUIRER OR A
3 PERSON ACTING IN PARTICIPATION WITH THE ACQUIRER THAT ALLOWS THE
4 HOMEOWNER TO POSSESS THE REAL PROPERTY FOLLOWING THE COMPLETION OF
5 THE FORECLOSURE PROCEEDING, INCLUDING AN INTEREST IN A CONTRACT FOR
6 DEED, PURCHASE AGREEMENT, LAND INSTALLMENT SALE, CONTRACT FOR SALE,
7 OPTION TO PURCHASE, LEASE, TRUST, OR OTHER CONTRACTUAL ARRANGEMENT.

8 (H) "FORECLOSURE SURPLUS ACQUISITION" MEANS A TRANSACTION
9 INVOLVING THE TRANSFER, SALE, OR ASSIGNMENT OF THE SURPLUS REMAINING
10 AND DUE THE HOMEOWNER BASED ON THE AUDIT ACCOUNT DURING A
11 FORECLOSURE PROCEEDING.

12 (I) (1) "FORECLOSURE SURPLUS PURCHASER" MEANS A PERSON WHO ACTS
13 AS THE ACQUIRER BY ASSIGNMENT, PURCHASE, GRANT, OR CONVEYANCE OF THE
14 SURPLUS RESULTING FROM A FORECLOSURE SALE.

15 (2) "FORECLOSURE SURPLUS PURCHASER" INCLUDES A PERSON WHO
16 ACTS IN JOINT VENTURE OR JOINT ENTERPRISE WITH ONE OR MORE ACQUIRERS.

17 (J) "HOMEOWNER" MEANS THE RECORD OWNER OF A RESIDENCE IN
18 FORECLOSURE, OR AN INDIVIDUAL OCCUPYING THE RESIDENCE UNDER A USE AND
19 POSSESSION ORDER ISSUED UNDER TITLE 8, SUBTITLE 2 OF THE FAMILY LAW
20 ARTICLE, AT THE TIME AN ORDER TO DOCKET OR A PETITION TO FORECLOSE IS
21 FILED.

22 (K) "RESIDENCE IN FORECLOSURE" MEANS RESIDENTIAL REAL PROPERTY
23 CONSISTING OF NOT MORE THAN FOUR SINGLE FAMILY DWELLING UNITS, ONE OF
24 WHICH IS OCCUPIED BY THE OWNER, OR THE OWNER'S SPOUSE OR FORMER SPOUSE
25 UNDER A USE AND POSSESSION ORDER ISSUED UNDER TITLE 8, SUBTITLE 2 OF THE
26 FAMILY LAW ARTICLE, AS THE INDIVIDUAL'S PRINCIPAL PLACE OF RESIDENCE, AND
27 AGAINST WHICH AN ORDER TO DOCKET OR A PETITION TO FORECLOSE HAS BEEN
28 FILED.

29 7-302.

30 THIS SUBTITLE DOES NOT APPLY TO:

31 (1) AN INDIVIDUAL ADMITTED TO PRACTICE LAW IN THE STATE, WHILE
32 PERFORMING ANY ACTIVITY RELATED TO THE INDIVIDUAL'S REGULAR PRACTICE OF
33 LAW IN THE STATE; OR

34 (2) A NONPROFIT ORGANIZATION THAT SOLELY OFFERS COUNSELING
35 OR ADVICE TO HOMEOWNERS IN FORECLOSURE OR LOAN DEFAULT, IF THE
36 ORGANIZATION DOES NOT CONTRACT FOR SERVICES WITH FOR-PROFIT LENDERS OR
37 FORECLOSURE PURCHASERS.

1 7-303. RESERVED.

2 7-304. RESERVED.

3

PART II. FORECLOSURE CONSULTANTS.

4 7-305.

5 (A) IN ADDITION TO ANY OTHER RIGHT UNDER LAW TO CANCEL OR RESCIND
6 A CONTRACT, A HOMEOWNER HAS THE RIGHT TO:

7 (1) RESCIND A FORECLOSURE CONSULTING CONTRACT AT ANY TIME;
8 AND

9 (2) RESCIND A FORECLOSURE RECONVEYANCE AT ANY TIME BEFORE
10 MIDNIGHT OF THE 10TH BUSINESS DAY AFTER ANY CONVEYANCE OR TRANSFER IN
11 ANY MANNER OF LEGAL OR EQUITABLE TITLE TO A RESIDENCE IN FORECLOSURE.

12 (B) RESCISSION OCCURS WHEN THE HOMEOWNER GIVES WRITTEN NOTICE
13 OF RESCISSION TO THE FORECLOSURE CONSULTANT AT THE ADDRESS SPECIFIED IN
14 THE CONTRACT OR THROUGH ANY FACSIMILE OR ELECTRONIC MAIL ADDRESS
15 IDENTIFIED IN THE CONTRACT OR OTHER MATERIALS PROVIDED TO THE
16 HOMEOWNER BY THE FORECLOSURE CONSULTANT.

17 (C) NOTICE OF RESCISSION, IF GIVEN BY MAIL, IS EFFECTIVE WHEN
18 DEPOSITED IN THE UNITED STATES MAIL, PROPERLY ADDRESSED, WITH POSTAGE
19 PREPAID.

20 (D) NOTICE OF RESCISSION NEED NOT BE IN THE FORM PROVIDED WITH THE
21 CONTRACT AND IS EFFECTIVE, HOWEVER EXPRESSED, IF IT INDICATES THE
22 INTENTION OF THE HOMEOWNER TO RESCIND THE FORECLOSURE CONSULTING
23 CONTRACT OR FORECLOSURE RECONVEYANCE.

24 (E) AS PART OF THE RESCISSION OF A FORECLOSURE CONSULTING
25 CONTRACT OR FORECLOSURE RECONVEYANCE, THE HOMEOWNER SHALL REPAY,
26 WITHIN 60 DAYS FROM THE DATE OF RESCISSION, ANY FUNDS PAID OR ADVANCED
27 BY THE FORECLOSURE CONSULTANT OR ANYONE WORKING WITH THE
28 FORECLOSURE CONSULTANT UNDER THE TERMS OF THE FORECLOSURE
29 CONSULTING CONTRACT OR FORECLOSURE RECONVEYANCE, TOGETHER WITH
30 INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

31 (F) THE RIGHT TO RESCIND MAY NOT BE CONDITIONED ON THE REPAYMENT
32 OF ANY FUNDS.

33 7-306.

34 (A) A FORECLOSURE CONSULTING CONTRACT SHALL:

35 (1) BE IN WRITING AND PROVIDED IN BLANK FORM AT THE FIRST
36 MEETING OF THE FORECLOSURE CONSULTANT AND HOMEOWNER;

1 (2) BE PRINTED IN AT LEAST 12 POINT TYPE AND WRITTEN IN THE SAME
2 LANGUAGE THAT IS USED BY THE HOMEOWNER AND WAS USED IN DISCUSSIONS
3 WITH THE FORECLOSURE CONSULTANT TO DESCRIBE THE CONSULTANT'S SERVICES
4 OR TO NEGOTIATE THE CONTRACT;

5 (3) FULLY DISCLOSE THE EXACT NATURE OF THE FORECLOSURE
6 CONSULTING SERVICES TO BE PROVIDED, INCLUDING ANY FORECLOSURE
7 RECONVEYANCE THAT MAY BE INVOLVED, AND THE TOTAL AMOUNT AND TERMS OF
8 ANY COMPENSATION TO BE RECEIVED BY THE FORECLOSURE CONSULTANT OR
9 ANYONE WORKING IN ASSOCIATION WITH THE CONSULTANT;

10 (4) BE DATED AND PERSONALLY SIGNED BY THE HOMEOWNER AND THE
11 FORECLOSURE CONSULTANT AND BE WITNESSED AND ACKNOWLEDGED BY A
12 NOTARY PUBLIC APPOINTED AND COMMISSIONED BY THE STATE; AND

13 (5) CONTAIN THE FOLLOWING NOTICE, WHICH SHALL BE PRINTED IN AT
14 LEAST 14 POINT BOLDFACE TYPE, COMPLETED WITH THE NAME OF THE
15 FORECLOSURE CONSULTANT, AND LOCATED IN IMMEDIATE PROXIMITY TO THE
16 SPACE RESERVED FOR THE HOMEOWNER'S SIGNATURE:

17 "NOTICE REQUIRED BY MARYLAND LAW

18 (NAME) OR ANYONE WORKING FOR HIM OR HER CANNOT TAKE ANY
19 MONEY FROM YOU OR ASK YOU FOR MONEY UNTIL (NAME) HAS
20 COMPLETELY FINISHED DOING EVERYTHING (NAME) SAID HE OR SHE
21 WOULD DO.

22 (NAME) OR ANYONE WORKING FOR HIM OR HER CANNOT ASK YOU TO
23 SIGN OR HAVE YOU SIGN ANY LIEN, MORTGAGE, OR DEED AS PART OF SIGNING
24 THIS AGREEMENT UNLESS THE TERMS OF THE TRANSFER ARE SPECIFIED IN
25 THIS DOCUMENT AND YOU ARE GIVEN A SEPARATE EXPLANATION OF THE
26 PRECISE NATURE OF THE TRANSACTION.

27 (NAME) OR ANYONE WORKING FOR HIM OR HER CANNOT GUARANTEE
28 YOU THAT THEY WILL BE ABLE TO REFINANCE YOUR HOME OR ARRANGE FOR
29 YOU TO KEEP YOUR HOME. CONTINUE MAKING MORTGAGE PAYMENTS UNTIL A
30 REFINANCING, IF APPLICABLE, IS APPROVED.

31 YOU, THE HOMEOWNER, MAY RESCIND THIS CONTRACT AT ANY TIME. IF A
32 TRANSFER OF THE DEED OR TITLE TO YOUR PROPERTY IS INVOLVED IN ANY
33 WAY, YOU MAY RESCIND THE TRANSFER ANY TIME WITHIN 10 DAYS AFTER THE
34 DATE YOU SIGN THE DEED OR OTHER DOCUMENT OF SALE OR TRANSFER. SEE
35 THE ATTACHED NOTICE OF RESCISSION FORM FOR AN EXPLANATION OF THIS
36 RIGHT. AS PART OF ANY RESCISSION, YOU MUST REPAY, WITHIN 60 DAYS, ANY
37 MONEY SPENT ON YOUR BEHALF AS A RESULT OF THIS AGREEMENT, ALONG
38 WITH INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

39 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF
40 YOUR HOME. CONTACT AN ATTORNEY BEFORE SIGNING."

1 (B) THE CONTRACT SHALL CONTAIN ON THE FIRST PAGE, IN AT LEAST 12
2 POINT TYPE SIZE:

3 (1) THE NAME AND ADDRESS OF THE FORECLOSURE CONSULTANT TO
4 WHICH THE NOTICE OF CANCELLATION IS TO BE MAILED; AND

5 (2) THE DATE THE HOMEOWNER SIGNED THE CONTRACT.

6 (C) (1) THE CONTRACT SHALL BE ACCOMPANIED BY A COMPLETED FORM IN
7 DUPLICATE, CAPTIONED "NOTICE OF RESCISSION".

8 (2) THE NOTICE OF RESCISSION SHALL:

9 (I) BE ON A SEPARATE SHEET OF PAPER ATTACHED TO THE
10 CONTRACT;

11 (II) BE EASILY DETACHABLE; AND

12 (III) CONTAIN THE FOLLOWING STATEMENT PRINTED IN AT LEAST
13 15 POINT TYPE:

14 "NOTICE OF RESCISSION

15 (DATE OF CONTRACT)

16 YOU MAY CANCEL OR RESCIND THIS CONTRACT, WITHOUT ANY PENALTY, AT
17 ANY TIME.

18 IF YOU WANT TO END THIS CONTRACT, MAIL OR DELIVER A SIGNED AND DATED
19 COPY OF THIS NOTICE OF RESCISSION, OR ANY OTHER WRITTEN NOTICE
20 INDICATING YOUR INTENT TO RESCIND TO (NAME OF FORECLOSURE
21 CONSULTANT) AT (ADDRESS OF FORECLOSURE CONSULTANT, INCLUDING
22 FACSIMILE AND ELECTRONIC MAIL).

23 AS PART OF ANY RESCISSION, YOU (THE HOMEOWNER) MUST REPAY ANY
24 MONEY SPENT ON YOUR BEHALF AS A RESULT OF THIS AGREEMENT, WITHIN 60
25 DAYS, ALONG WITH INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

26 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF
27 YOUR HOME. CONTACT AN ATTORNEY BEFORE SIGNING.

28 NOTICE OF RESCISSION

29 TO: (NAME OF FORECLOSURE CONSULTANT)
30 (ADDRESS OF FORECLOSURE CONSULTANT, INCLUDING FACSIMILE AND
31 ELECTRONIC MAIL)

32 I HEREBY RESCIND THIS CONTRACT.

33 (DATE)

34 (HOMEOWNER'S SIGNATURE)".

1 (D) THE FORECLOSURE CONSULTANT SHALL PROVIDE THE HOMEOWNER
2 WITH A COPY OF THE CONTRACT AND THE ATTACHED NOTICE OF RESCISSION
3 IMMEDIATELY UPON EXECUTION OF THE CONTRACT.

4 (E) THE TIME DURING WHICH THE HOMEOWNER MAY RESCIND THE
5 CONTRACT DOES NOT BEGIN TO RUN UNTIL THE FORECLOSURE CONSULTANT HAS
6 COMPLIED WITH THIS SECTION.

7 (F) ANY PROVISION IN A FORECLOSURE CONSULTING CONTRACT THAT
8 ATTEMPTS OR PURPORTS TO WAIVE ANY OF THE RIGHTS SPECIFIED IN THIS TITLE,
9 CONSENT TO JURISDICTION FOR LITIGATION OR CHOICE OF LAW IN A STATE OTHER
10 THAN MARYLAND, CONSENT TO VENUE IN A COUNTY OTHER THAN THE COUNTY IN
11 WHICH THE PROPERTY IS LOCATED, OR IMPOSE ANY COSTS OR FILING FEES
12 GREATER THAN THE FEES REQUIRED TO FILE AN ACTION IN A CIRCUIT COURT, IS
13 VOID.

14 7-307.

15 A FORECLOSURE CONSULTANT MAY NOT:

16 (1) CLAIM, DEMAND, CHARGE, COLLECT, OR RECEIVE ANY
17 COMPENSATION UNTIL AFTER THE FORECLOSURE CONSULTANT HAS FULLY
18 PERFORMED EACH AND EVERY SERVICE THE FORECLOSURE CONSULTANT
19 CONTRACTED TO PERFORM OR REPRESENTED THAT THE FORECLOSURE
20 CONSULTANT WOULD PERFORM;

21 (2) CLAIM, DEMAND, CHARGE, COLLECT, OR RECEIVE ANY FEE,
22 INTEREST, OR ANY OTHER COMPENSATION FOR ANY REASON THAT EXCEEDS 8% A
23 YEAR OF THE AMOUNT OF ANY LOAN THAT THE FORECLOSURE CONSULTANT MAKES
24 TO THE HOMEOWNER;

25 (3) TAKE ANY WAGE ASSIGNMENT, ANY LIEN OF ANY TYPE ON REAL OR
26 PERSONAL PROPERTY, OR OTHER SECURITY TO SECURE THE PAYMENT OF
27 COMPENSATION;

28 (4) RECEIVE ANY CONSIDERATION FROM ANY THIRD PARTY IN
29 CONNECTION WITH FORECLOSURE CONSULTING SERVICES PROVIDED TO A
30 HOMEOWNER UNLESS THE CONSIDERATION IS FIRST FULLY DISCLOSED IN WRITING
31 TO THE HOMEOWNER;

32 (5) ACQUIRE ANY INTEREST, DIRECTLY OR INDIRECTLY, OR BY MEANS
33 OF A SUBSIDIARY, AFFILIATE, OR CORPORATION IN WHICH THE FORECLOSURE
34 CONSULTANT OR A MEMBER OF THE FORECLOSURE CONSULTANT'S IMMEDIATE
35 FAMILY IS A PRIMARY STOCKHOLDER, IN A RESIDENCE IN FORECLOSURE FROM A
36 HOMEOWNER WITH WHOM THE FORECLOSURE CONSULTANT HAS CONTRACTED;

37 (6) TAKE ANY POWER OF ATTORNEY FROM A HOMEOWNER FOR ANY
38 PURPOSE, EXCEPT TO INSPECT DOCUMENTS AS PROVIDED BY LAW; OR

1 (7) INDUCE OR ATTEMPT TO INDUCE ANY HOMEOWNER TO ENTER INTO
2 A FORECLOSURE CONSULTING CONTRACT THAT DOES NOT COMPLY IN ALL
3 RESPECTS WITH THIS SUBTITLE.

4 7-308. RESERVED.

5 7-309. RESERVED.

6 PART III. FORECLOSURE PURCHASERS.

7 7-310.

8 (A) IF A FORECLOSURE RECONVEYANCE IS INCLUDED IN A FORECLOSURE
9 CONSULTING CONTRACT OR ARRANGED AFTER THE EXECUTION OF A FORECLOSURE
10 CONSULTING CONTRACT, THE FORECLOSURE PURCHASER SHALL PROVIDE THE
11 HOMEOWNER WITH A DOCUMENT ENTITLED "NOTICE OF TRANSFER OF DEED OR
12 TITLE".

13 (B) THE DOCUMENT ENTITLED "NOTICE OF TRANSFER OF DEED OR TITLE"
14 SHALL:

15 (1) CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES;

16 (2) BE PRINTED IN 12 POINT TYPE AND WRITTEN IN THE SAME
17 LANGUAGE THAT IS USED BY THE HOMEOWNER AND WAS USED IN DISCUSSIONS TO
18 DESCRIBE THE FORECLOSURE CONSULTANT'S OR FORECLOSURE PURCHASER'S
19 SERVICES OR TO NEGOTIATE THE TRANSFER OR SALE OF THE PROPERTY;

20 (3) BE DATED AND PERSONALLY SIGNED BY THE HOMEOWNER AND THE
21 FORECLOSURE PURCHASER AND WITNESSED AND ACKNOWLEDGED BY A NOTARY
22 PUBLIC APPOINTED AND COMMISSIONED BY THE STATE;

23 (4) DESCRIBE IN DETAIL THE TERMS OF ANY FORECLOSURE
24 CONVEYANCE INCLUDING:

25 (I) THE NAME, BUSINESS ADDRESS, TELEPHONE NUMBER, AND
26 FACSIMILE NUMBER OF THE PERSON TO WHOM THE DEED OR TITLE WILL BE
27 TRANSFERRED;

28 (II) THE ADDRESS OF THE RESIDENCE IN FORECLOSURE;

29 (III) THE TOTAL CONSIDERATION TO BE GIVEN BY THE
30 FORECLOSURE PURCHASER, THE FORECLOSURE CONSULTANT, AND ANY OTHER
31 PARTY AS A RESULT OF THE TRANSFER;

32 (IV) THE TIME AT WHICH TITLE IS TO BE TRANSFERRED TO THE
33 FORECLOSURE PURCHASER AND THE TERMS OF ANY CONVEYANCE;

1 (V) ANY FINANCIAL OR LEGAL OBLIGATIONS THAT THE
2 HOMEOWNER MAY REMAIN SUBJECT TO, INCLUDING A DESCRIPTION OF ANY
3 MORTGAGES, LIENS, OR OTHER OBLIGATIONS THAT WILL REMAIN IN PLACE;

4 (VI) A DESCRIPTION OF ANY SERVICES OF ANY NATURE THAT THE
5 FORECLOSURE PURCHASER WILL PERFORM FOR THE HOMEOWNER BEFORE OR
6 AFTER THE SALE OR TRANSFER;

7 (VII) A COMPLETE DESCRIPTION OF THE TERMS OF ANY RELATED
8 AGREEMENT DESIGNED TO ALLOW THE HOMEOWNER TO REMAIN IN THE HOME,
9 INCLUDING THE TERMS OF ANY RENTAL AGREEMENT, REPURCHASE AGREEMENT,
10 CONTRACT FOR DEED, LAND INSTALLMENT CONTRACT, OR OPTION TO BUY, AND ANY
11 PROVISIONS FOR EVICTION OR REMOVAL OF THE HOMEOWNER IN THE CASE OF
12 LATE PAYMENT; AND

13 (VIII) HOW ANY REPURCHASE PRICE OR FEE ASSOCIATED WITH ANY
14 TRANSFER OF TITLE OR DEED BACK TO THE HOMEOWNER WILL BE CALCULATED.

15 (5) CONTAIN THE FOLLOWING STATEMENT PRINTED IN AT LEAST 14
16 POINT BOLDFACE TYPE AND LOCATED IN IMMEDIATE PROXIMITY TO THE SPACE
17 RESERVED FOR THE HOMEOWNER'S SIGNATURE:

18 "IF YOU CHANGE YOUR MIND ABOUT TRANSFERRING OWNERSHIP OF YOUR
19 PROPERTY, YOU, THE HOMEOWNER, MAY RESCIND THE TRANSFER OF THE
20 DEED OR TITLE TO YOUR PROPERTY ANY TIME WITHIN THE NEXT 10 DAYS. AS
21 PART OF ANY RESCISSION, YOU MUST REPAY, WITHIN 60 DAYS, ANY MONEY
22 SPENT ON YOUR BEHALF AS A RESULT OF THIS AGREEMENT, ALONG WITH
23 INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

24 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF
25 YOUR HOME. CONTACT AN ATTORNEY BEFORE SIGNING."

26 (C) (1) IF A FORECLOSURE RECONVEYANCE IS INCLUDED IN A
27 FORECLOSURE CONSULTING CONTRACT OR ARRANGED AFTER THE EXECUTION OF A
28 FORECLOSURE CONSULTING CONTRACT, THE FORECLOSURE PURCHASER SHALL
29 PROVIDE THE HOMEOWNER WITH A DOCUMENT ENTITLED "NOTICE OF RIGHT TO
30 CANCEL TRANSFER OF DEED OR TITLE".

31 (2) THE NOTICE OF RIGHT TO CANCEL TRANSFER OF DEED OR TITLE
32 SHALL:

33 (I) BE A SEPARATE DOCUMENT AND NOT PRINTED ON THE BACK
34 OF ANY OTHER DOCUMENT; AND

35 (II) CONTAIN THE FOLLOWING STATEMENT PRINTED IN AT LEAST
36 14 POINT TYPE:

37 "NOTICE OF RIGHT TO CANCEL TRANSFER OF DEED OR TITLE

38 (DATE)

1 YOU MAY CANCEL OR RESCIND THE TRANSFER OF OWNERSHIP OF YOUR
2 PROPERTY THROUGH THE TRANSFER OF A DEED OR TITLE WITHIN 10 BUSINESS
3 DAYS AFTER THE DATE YOU SIGN THIS DOCUMENT.

4 TO RESCIND THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY
5 OF THIS NOTICE, OR ANY OTHER WRITTEN NOTICE EXPRESSING A SIMILAR
6 INTENT TO (NAME OF FORECLOSURE CONSULTANT) AT (ADDRESS OF
7 FORECLOSURE CONSULTANT, INCLUDING FACSIMILE AND ELECTRONIC MAIL).

8 AS PART OF ANY RESCISSION, YOU (THE HOMEOWNER) MUST REPAY ANY
9 MONEY SPENT ON YOUR BEHALF AS A RESULT OF THIS AGREEMENT, WITHIN 60
10 DAYS, ALONG WITH INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

11 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF
12 YOUR HOME. CONTACT AN ATTORNEY BEFORE SIGNING.

13 NOTICE OF RESCISSION

14 TO: (NAME OF FORECLOSURE CONSULTANT)
15 (ADDRESS OF FORECLOSURE CONSULTANT, INCLUDING FACSIMILE AND
16 ELECTRONIC MAIL)

17 I HEREBY RESCIND THE TRANSFER OF DEED OR TITLE TO MY PROPERTY.
18 PLEASE RETURN ALL EXECUTED DOCUMENTS TO ME.

19 (DATE)
20 (HOMEOWNER'S SIGNATURE)".

21 (D) THE FORECLOSURE PURCHASER SHALL PROVIDE THE HOMEOWNER WITH
22 A COPY OF THE NOTICE OF RIGHT TO CANCEL TRANSFER OF DEED OR TITLE
23 IMMEDIATELY ON EXECUTION OF ANY DOCUMENT THAT INCLUDES A FORECLOSURE
24 RECONVEYANCE.

25 (E) THE TIME DURING WHICH THE HOMEOWNER MAY RESCIND THE
26 CONTRACT OR TRANSFER DOES NOT BEGIN TO RUN UNTIL THE FORECLOSURE
27 PURCHASER HAS COMPLIED WITH THIS SECTION.

28 (F) ANY PROVISION IN A FORECLOSURE CONSULTING CONTRACT OR OTHER
29 AGREEMENT CONCERNING A FORECLOSURE RECONVEYANCE THAT ATTEMPTS OR
30 PURPORTS TO WAIVE THE HOMEOWNER'S RIGHTS UNDER THIS SECTION, CONSENT
31 TO JURISDICTION FOR LITIGATION OR CHOICE OF LAW IN A STATE OTHER THAN
32 MARYLAND, CONSENT TO VENUE IN A COUNTY OTHER THAN THE COUNTY IN WHICH
33 THE PROPERTY IS LOCATED, OR IMPOSE ANY COSTS OR FILING FEES GREATER THAN
34 THE FEES REQUIRED TO FILE AN ACTION IN A CIRCUIT COURT, IS VOID.

35 (G) A FORECLOSURE RECONVEYANCE MAY NOT BE CARRIED OUT USING A
36 POWER OF ATTORNEY FROM THE HOMEOWNER.

37 (H) A NOTICE OF RESCISSION NEED NOT TAKE THE PARTICULAR FORM
38 SPECIFIED IN THIS SUBTITLE OR ANY FORM CONTAINED IN ANY AGREEMENT WITH

1 THE FORECLOSURE CONSULTANT OR FORECLOSURE PURCHASER AND IS EFFECTIVE,
2 HOWEVER EXPRESSED, IF IT INDICATES THE INTENTION OF THE HOMEOWNER TO
3 RESCIND THE RECONVEYANCE AGREEMENT.

4 (I) THE RIGHT TO RESCIND MAY NOT BE CONDITIONED ON THE REPAYMENT
5 OF ANY FUNDS.

6 (J) WITHIN 10 DAYS AFTER RECEIPT OF A NOTICE OF RESCISSION GIVEN IN
7 ACCORDANCE WITH THIS SUBTITLE, THE FORECLOSURE PURCHASER SHALL
8 RETURN, WITHOUT CONDITION, ANY ORIGINAL DEED, TITLE, CONTRACT, AND ANY
9 OTHER DOCUMENT SIGNED BY THE HOMEOWNER.

10 (K) (1) DURING THE 10-DAY RESCISSION PERIOD, A DEED OR OTHER
11 DOCUMENT AFFECTING TITLE TO THE HOMEOWNER'S RESIDENCE MAY NOT BE
12 RECORDED.

13 (2) ANY DEED THAT IS RECORDED AFTER THE 10-DAY PERIOD SHALL
14 CONTAIN AN AFFIDAVIT OF COMPLIANCE WITH THIS SECTION SIGNED BY AN
15 ATTORNEY ADMITTED TO PRACTICE LAW IN THE STATE.

16 7-311.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (2) "PRIMARY HOUSING EXPENSES" MEANS THE TOTAL AMOUNT
20 REQUIRED TO PAY REGULAR PRINCIPAL, INTEREST, RENT, UTILITIES, HAZARD
21 INSURANCE, REAL ESTATE TAXES, AND ASSOCIATION DUES ON A PROPERTY.

22 (3) "RESALE" MEANS A BONA FIDE MARKET SALE OF PROPERTY
23 SUBJECT TO A FORECLOSURE RECONVEYANCE BY THE FORECLOSURE PURCHASER
24 TO AN UNAFFILIATED THIRD PARTY.

25 (4) "RESALE PRICE" MEANS THE GROSS SALE PRICE OF A PROPERTY ON
26 RESALE.

27 (5) "SETTLEMENT" MEANS AN IN-PERSON MEETING TO COMPLETE
28 FINAL DOCUMENTS INCIDENT TO THE SALE OR TRANSFER OF REAL PROPERTY OR
29 THE CREATION OF A MORTGAGE ON REAL PROPERTY CONDUCTED BY A SETTLEMENT
30 AGENT WHO IS NOT EMPLOYED BY OR AN AFFILIATE OF THE FORECLOSURE
31 PURCHASER.

32 (B) A FORECLOSURE PURCHASER MAY NOT:

33 (1) ENTER INTO, OR ATTEMPT TO ENTER INTO, A FORECLOSURE
34 RECONVEYANCE WITH A HOMEOWNER UNLESS:

35 (I) THE FORECLOSURE PURCHASER VERIFIES AND CAN
36 DEMONSTRATE THAT THE HOMEOWNER HAS OR WILL HAVE A REASONABLE ABILITY
37 TO PAY FOR THE SUBSEQUENT RECONVEYANCE OF THE PROPERTY BACK TO THE

1 HOMEOWNER ON COMPLETION OF THE TERMS OF A FORECLOSURE CONVEYANCE,
2 OR, IF THE FORECLOSURE CONVEYANCE PROVIDES FOR A LEASE WITH AN OPTION TO
3 REPURCHASE THE PROPERTY, THE HOMEOWNER HAS OR WILL HAVE A REASONABLE
4 ABILITY TO MAKE THE LEASE PAYMENTS AND REPURCHASE THE PROPERTY WITHIN
5 THE TERM OF THE OPTION TO REPURCHASE;

6 (II) THE FORECLOSURE PURCHASER AND THE HOMEOWNER
7 COMPLETE A FORMAL SETTLEMENT BEFORE ANY TRANSFER OF AN INTEREST IN THE
8 PROPERTY IS EFFECTED; AND

9 (III) THE FORECLOSURE PURCHASER COMPLIES WITH THE
10 REQUIREMENTS OF THE FEDERAL HOME OWNERSHIP EQUITY PROTECTION ACT, 15
11 U.S.C. 1639, AND ITS IMPLEMENTING REGULATIONS FOR ANY FORECLOSURE
12 RECONVEYANCE IN WHICH THE HOMEOWNER OBTAINS A VENDEE INTEREST IN A
13 CONTRACT FOR DEED;

14 (2) FAIL TO:

15 (I) ENSURE THAT TITLE TO THE PROPERTY HAS BEEN
16 RECONVEYED TO THE HOMEOWNER IN A TIMELY MANNER IF THIS SUBTITLE OR THE
17 TERMS OF A FORECLOSURE RECONVEYANCE AGREEMENT REQUIRE A
18 RECONVEYANCE; OR

19 (II) MAKE PAYMENT TO THE HOMEOWNER WITHIN 90 DAYS OF ANY
20 RESALE OF THE PROPERTY SO THAT THE HOMEOWNER RECEIVES CASH PAYMENTS
21 OR CONSIDERATION IN AN AMOUNT EQUAL TO AT LEAST 82% OF THE NET PROCEEDS
22 FROM ANY RESALE OF THE PROPERTY SHOULD A PROPERTY SUBJECT TO A
23 FORECLOSURE RECONVEYANCE BE SOLD WITHIN 18 MONTHS AFTER ENTERING INTO
24 A FORECLOSURE RECONVEYANCE AGREEMENT;

25 (3) ENTER INTO REPURCHASE OR LEASE TERMS AS PART OF THE
26 FORECLOSURE CONVEYANCE THAT ARE UNFAIR OR COMMERCIALY
27 UNREASONABLE, OR ENGAGE IN ANY OTHER UNFAIR CONDUCT;

28 (4) REPRESENT, DIRECTLY OR INDIRECTLY, THAT:

29 (I) THE FORECLOSURE PURCHASER IS ACTING AS AN ADVISOR OR
30 A CONSULTANT, OR IN ANY OTHER MANNER REPRESENT THAT THE FORECLOSURE
31 PURCHASER IS ACTING ON BEHALF OF THE HOMEOWNER;

32 (II) THE FORECLOSURE PURCHASER HAS CERTIFICATION OR
33 LICENSURE THAT THE FORECLOSURE PURCHASER DOES NOT HAVE;

34 (III) THE FORECLOSURE PURCHASER IS ASSISTING THE
35 HOMEOWNER TO "SAVE THE HOUSE" OR USE A SUBSTANTIALLY SIMILAR PHRASE; OR

36 (IV) THE FORECLOSURE PURCHASER IS ASSISTING THE
37 HOMEOWNER IN PREVENTING A FORECLOSURE IF THE RESULT OF THE
38 TRANSACTION IS THAT THE HOMEOWNER WILL NOT COMPLETE A REDEMPTION OF
39 THE PROPERTY;

1 (5) MAKE ANY OTHER STATEMENTS, DIRECTLY OR BY IMPLICATION, OR
2 ENGAGE IN ANY OTHER CONDUCT THAT IS FALSE, DECEPTIVE, OR MISLEADING, OR
3 THAT HAS THE LIKELIHOOD TO CAUSE CONFUSION OR MISUNDERSTANDING,
4 INCLUDING STATEMENTS REGARDING THE VALUE OF THE RESIDENCE IN
5 FORECLOSURE, THE AMOUNT OF PROCEEDS THE HOMEOWNER WILL RECEIVE
6 AFTER A FORECLOSURE SALE, ANY CONTRACT TERM, OR THE HOMEOWNER'S RIGHTS
7 OR OBLIGATIONS INCIDENT TO OR ARISING OUT OF THE FORECLOSURE
8 RECONVEYANCE; OR

9 (6) UNTIL THE HOMEOWNER'S RIGHT TO RESCIND OR CANCEL THE
10 TRANSACTION HAS EXPIRED:

11 (I) RECORD ANY DOCUMENT, INCLUDING AN INSTRUMENT OF
12 CONVEYANCE, SIGNED BY THE HOMEOWNER; OR

13 (II) TRANSFER OR ENCUMBER OR PURPORT TO TRANSFER OR
14 ENCUMBER ANY INTEREST IN THE RESIDENCE IN FORECLOSURE TO ANY THIRD
15 PARTY.

16 (C) FOR PURPOSES OF SUBSECTION (B)(1) OF THIS SECTION, THERE IS A
17 REBUTTABLE PRESUMPTION THAT:

18 (1) A HOMEOWNER HAS A REASONABLE ABILITY TO PAY FOR A
19 SUBSEQUENT RECONVEYANCE OF THE PROPERTY IF THE HOMEOWNER'S PAYMENTS
20 FOR PRIMARY HOUSING EXPENSES AND REGULAR PRINCIPAL AND INTEREST
21 PAYMENTS ON OTHER PERSONAL DEBT, ON A MONTHLY BASIS, DO NOT EXCEED 60%
22 OF THE HOMEOWNER'S MONTHLY GROSS INCOME; AND

23 (2) THE FORECLOSURE PURCHASER HAS NOT VERIFIED REASONABLE
24 PAYMENT ABILITY IF THE FORECLOSURE PURCHASER HAS NOT OBTAINED
25 DOCUMENTS OTHER THAN A STATEMENT BY THE HOMEOWNER OF ASSETS,
26 LIABILITIES, AND INCOME.

27 (D) (1) THE FORECLOSURE PURCHASER SHALL MAKE A DETAILED
28 ACCOUNTING OF THE BASIS FOR THE AMOUNT OF A PAYMENT MADE TO THE
29 HOMEOWNER OF A PROPERTY RESOLD WITHIN 18 MONTHS AFTER ENTERING INTO A
30 FORECLOSURE RECONVEYANCE AGREEMENT, IN ACCORDANCE WITH (B)(2)(II) OF
31 THIS SECTION.

32 (2) THE ACCOUNTING SHALL BE ON A FORM PRESCRIBED BY THE
33 ATTORNEY GENERAL IN CONSULTATION WITH THE COMMISSIONER OF FINANCIAL
34 REGULATION AND SHALL INCLUDE DETAILED DOCUMENTATION OF EXPENSES AND
35 OTHER CONSIDERATION PAID BY THE FORECLOSURE PURCHASER AND DEDUCTED
36 FROM THE RESALE PRICE.

1 7-312. RESERVED.

2 7-313. RESERVED.

3

PART IV. FORECLOSURE SURPLUS PURCHASERS.

4 7-314.

5 (A) EACH FORECLOSURE SURPLUS ACQUISITION SHALL BE IN THE FORM OF A
6 WRITTEN CONTRACT.

7 (B) EACH FORECLOSURE SURPLUS ACQUISITION CONTRACT SHALL:

8 (1) CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES;

9 (2) BE PRINTED IN AT LEAST 12 POINT TYPE, IN THE SAME LANGUAGE
10 THAT IS USED BY THE HOMEOWNER AND WAS USED BY THE FORECLOSURE SURPLUS
11 PURCHASER AND THE HOMEOWNER TO NEGOTIATE THE SALE OF THE RESIDENCE IN
12 FORECLOSURE;

13 (3) BE FULLY COMPLETED, DATED, AND PERSONALLY SIGNED BY THE
14 HOMEOWNER AND THE FORECLOSURE SURPLUS PURCHASER BEFORE THE
15 STATEMENT OF ACCOUNT HAS BEEN REFERRED TO THE AUDITOR; AND

16 (4) INCLUDE:

17 (I) THE NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER OF
18 THE FORECLOSURE SURPLUS PURCHASER;

19 (II) THE ADDRESS OF THE RESIDENCE IN FORECLOSURE;

20 (III) THE TOTAL CONSIDERATION TO BE GIVEN BY THE
21 FORECLOSURE SURPLUS PURCHASER IN CONNECTION WITH OR INCIDENT TO THE
22 TRANSACTION;

23 (IV) A COMPLETE DESCRIPTION OF THE TERMS OF PAYMENT OR
24 OTHER CONSIDERATION, INCLUDING ANY SERVICES OF ANY NATURE THAT THE
25 FORECLOSURE SURPLUS PURCHASER REPRESENTS THE FORECLOSURE SURPLUS
26 PURCHASER WILL PERFORM FOR THE HOMEOWNER BEFORE OR AFTER THE SALE;
27 AND

28 (V) THE FOLLOWING NOTICE, WHICH SHALL BE PRINTED IN AT
29 LEAST 14 POINT BOLDFACE TYPE, COMPLETED WITH THE NAME OF THE
30 FORECLOSURE SURPLUS PURCHASER, AND LOCATED IN IMMEDIATE PROXIMITY TO
31 THE SPACE RESERVED FOR THE HOMEOWNER'S SIGNATURE:

"NOTICE REQUIRED BY MARYLAND LAW

UNTIL YOUR RIGHT TO RESCIND THIS CONTRACT HAS ENDED, (NAME) OR ANYONE WORKING FOR (NAME) CANNOT ASK YOU TO SIGN OR HAVE YOU SIGN ANY DEED, CHECK, OR ANY OTHER DOCUMENT.

IF YOU HAVE ANY QUESTIONS ABOUT THIS DOCUMENT, SEEK LEGAL COUNSEL BEFORE SIGNING. THIS IS AN IMPORTANT LEGAL CONTRACT. FAILURE TO READ AND UNDERSTAND THESE DOCUMENTS MAY CAUSE YOU TO LOSE VALUABLE RIGHTS.

THE EFFECT OF THESE DOCUMENTS IS THAT YOU MAY LOSE THE EQUITY IN YOUR HOME. THIS AGREEMENT WILL NOT STOP THE FORECLOSURE OR GET YOUR HOUSE BACK. IF YOU BELIEVE THE FORECLOSURE SALE WAS IMPROPER, YOU SHOULD IMMEDIATELY SEEK LEGAL ADVICE TO DETERMINE WHAT OBJECTIONS TO RATIFICATION OR TO RESCIND THE ORDER OF RATIFICATION MAY BE FILED.

IF YOU HAVE SIGNED THIS DOCUMENT, RETAIN ALL FUNDS RECEIVED AND PROMPTLY SEEK LEGAL ADVICE.

YOU MAY RESCIND THIS CONTRACT FOR THE SALE OF YOUR HOUSE WITHOUT ANY PENALTY OR OBLIGATION AT ANY TIME WITHIN 10 DAYS AFTER THE AUDITOR STATES THE ACCOUNT OF THE FORECLOSURE SALE. SEE THE ATTACHED NOTICE OF RESCISSION FORM FOR AN EXPLANATION OF THIS RIGHT. AS PART OF THE RESCISSION, YOU MUST REPAY FROM THE SURPLUS PROCEEDS ANY CONSIDERATION RECEIVED, DIRECTLY OR INDIRECTLY, TOGETHER WITH AN AMOUNT FOR INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF YOUR EQUITY IN YOUR HOME. CONTACT AN ATTORNEY BEFORE SIGNING."

(C) (1) THE CONTRACT SHALL BE ACCOMPANIED BY A COMPLETED FORM IN DUPLICATE, CAPTIONED "NOTICE OF RESCISSION".

(2) THE NOTICE OF RESCISSION SHALL:

(I) BE ON A SEPARATE SHEET OF PAPER ATTACHED TO THE CONTRACT;

(II) BE EASILY DETACHABLE; AND

(III) CONTAIN THE FOLLOWING STATEMENT PRINTED IN AT LEAST 15 POINT TYPE:

"NOTICE OF RESCISSION

..... (DATE OF CONTRACT)

1 YOU MAY RESCIND THIS CONTRACT FOR THE SALE OF YOUR HOUSE AT ANY
2 TIME WITHIN 10 DAYS AFTER THE AUDITOR STATES THE ACCOUNT OF THE
3 FORECLOSURE SALE.

4 TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY
5 OF THIS NOTICE OF RESCISSION TO (NAME OF
6 PURCHASER) AT (ADDRESS OF PURCHASER,
7 INCLUDING FACSIMILE AND ELECTRONIC MAIL) WITH A COPY TO THE COURT
8 APPOINTED AUDITOR.

9 I HEREBY RESCIND THIS TRANSACTION.

10 (DATE)
11 (HOMEOWNER'S SIGNATURE)."

12 (D) THE FORECLOSURE SURPLUS PURCHASER SHALL PROVIDE THE
13 HOMEOWNER WITH A COPY OF THE CONTRACT AND THE ATTACHED NOTICE OF
14 RESCISSION AT THE TIME THE CONTRACT IS EXECUTED BY ALL PARTIES.

15 (E) THE CONTRACT REQUIRED BY THIS SECTION SURVIVES DELIVERY OF ANY
16 INSTRUMENT OF CONVEYANCE OF THE RESIDENCE IN FORECLOSURE, IS BINDING IN
17 THE AUDIT, AND HAS NO EFFECT ON PERSONS OTHER THAN THE PARTIES TO THE
18 CONTRACT.

19 (F) ANY PROVISION IN A CONTRACT THAT ATTEMPTS OR PURPORTS TO WAIVE
20 ANY OF THE RIGHTS SPECIFIED IN THIS TITLE, CONSENT TO JURISDICTION OR
21 CHOICE OF LAW IN A STATE OTHER THAN MARYLAND, CONSENT TO VENUE IN A
22 COUNTY OTHER THAN THE COUNTY IN WHICH THE PROPERTY IS LOCATED, OR
23 IMPOSE ANY COSTS OR FILING FEES GREATER THAN THE FEES REQUIRED TO FILE
24 AN ACTION IN A CIRCUIT COURT, IS VOID.

25 7-315.

26 (A) IN ADDITION TO ANY OTHER RIGHT OF RESCISSION, A HOMEOWNER HAS
27 THE RIGHT TO RESCIND ANY CONTRACT WITH A FORECLOSURE SURPLUS
28 PURCHASER AT ANY TIME WITHIN 10 DAYS AFTER THE STATEMENT OF AUDIT
29 ACCOUNT OF THE FORECLOSURE SALE.

30 (B) (1) RESCISSION OCCURS WHEN THE HOMEOWNER DELIVERS, BY ANY
31 MEANS, WRITTEN NOTICE OF RESCISSION TO THE ADDRESS SPECIFIED IN THE
32 CONTRACT, WITH A COPY TO THE AUDITOR. AS PART OF THE RESCISSION, THE
33 HOMEOWNER SHALL REPAY ANY CONSIDERATION RECEIVED DIRECTLY OR
34 INDIRECTLY, TOGETHER WITH INTEREST CALCULATED AT THE RATE OF 8% A YEAR.

35 (2) ON RECEIPT OF THE NOTICE OF RESCISSION, THE AUDITOR SHALL
36 RESTATE THE ACCOUNT. THE REPAYMENT OF CONSIDERATION AND INTEREST BY
37 THE HOMEOWNER SHALL BE INCORPORATED BY THE AUDITOR INTO THE REVISED
38 STATEMENT OF ACCOUNT FILED WITH THE COURT.

1 (3) UPON RATIFICATION OF THE AMENDED AUDIT, THE ATTORNEY
2 NAMED IN THE MORTGAGE, MORTGAGE ASSIGNEE FOR PURPOSES OF FORECLOSURE,
3 TRUSTEE, OR SUBSTITUTE TRUSTEE IN MAKING DISTRIBUTION OF THE SURPLUS
4 FUNDS SHALL COMPLY WITH THE REVISED COURT-APPROVED AUDIT.

5 (C) A NOTICE OF RESCISSION GIVEN BY A HOMEOWNER NEED NOT BE IN THE
6 FORM PROVIDED WITH THE CONTRACT AND IS EFFECTIVE, HOWEVER EXPRESSED, IF
7 IT INDICATES THE INTENTION OF THE HOMEOWNER TO RESCIND THE CONTRACT.

8 (D) THE RIGHT TO RESCIND MAY NOT BE CONDITIONED ON THE REPAYMENT
9 OF ANY FUNDS.

10 (E) WITHIN 10 DAYS AFTER RECEIPT OF A NOTICE OF RESCISSION GIVEN IN
11 ACCORDANCE WITH THIS SECTION, THE FORECLOSURE SURPLUS PURCHASER SHALL
12 RETURN, WITHOUT CONDITION, THE ORIGINAL CONTRACT AND ALL OTHER
13 DOCUMENTS SIGNED BY THE HOMEOWNER.

14 7-316. RESERVED.

15 7-317. RESERVED.

16 PART V. PROHIBITED ACTS; ENFORCEMENT AND PENALTIES.

17 7-318.

18 (A) A PERSON MAY NOT INDUCE OR ATTEMPT TO INDUCE A HOMEOWNER TO
19 WAIVE THE HOMEOWNER'S RIGHTS UNDER THIS SUBTITLE.

20 (B) ANY WAIVER BY A HOMEOWNER OF THE PROVISIONS OF THIS SUBTITLE IS
21 VOID AND UNENFORCEABLE AS CONTRARY TO PUBLIC POLICY.

22 7-319.

23 (A) THE ATTORNEY GENERAL MAY SEEK AN INJUNCTION TO PROHIBIT A
24 PERSON WHO HAS ENGAGED OR IS ENGAGING IN A VIOLATION OF THIS SUBTITLE
25 FROM ENGAGING OR CONTINUING TO ENGAGE IN THE VIOLATION.

26 (B) THE COURT MAY ENTER ANY ORDER OR JUDGMENT NECESSARY TO:

27 (1) PREVENT THE USE BY A PERSON OF ANY PROHIBITED PRACTICE;

28 (2) RESTORE TO A PERSON ANY MONEY OR REAL OR PERSONAL
29 PROPERTY ACQUIRED FROM THE PERSON BY MEANS OF ANY PROHIBITED PRACTICE;
30 OR

31 (3) APPOINT A RECEIVER IN CASE OF WILLFUL VIOLATION OF THIS
32 TITLE.

1 (C) IN ANY ACTION BROUGHT BY THE ATTORNEY GENERAL UNDER THIS
2 SECTION, THE ATTORNEY GENERAL IS ENTITLED TO RECOVER THE COSTS OF THE
3 ACTION FOR THE USE OF THE STATE.

4 7-320.

5 (A) IN ADDITION TO ANY ACTION BY THE ATTORNEY GENERAL AUTHORIZED
6 UNDER THIS SUBTITLE AND ANY OTHER ACTION OTHERWISE AUTHORIZED BY LAW, A
7 HOMEOWNER MAY BRING AN ACTION FOR DAMAGES INCURRED AS THE RESULT OF A
8 PRACTICE PROHIBITED BY THIS SUBTITLE.

9 (B) A HOMEOWNER WHO BRINGS AN ACTION UNDER THIS SECTION AND WHO
10 IS AWARDED DAMAGES MAY ALSO SEEK, AND THE COURT MAY AWARD, REASONABLE
11 ATTORNEY'S FEES.

12 (C) IF THE COURT FINDS THAT THE DEFENDANT WILLFULLY OR KNOWINGLY
13 VIOLATED THIS SUBTITLE, THE COURT MAY AWARD DAMAGES EQUAL TO THREE
14 TIMES THE AMOUNT OF ACTUAL DAMAGES.

15 7-321.

16 (A) A PERSON WHO VIOLATES ANY PROVISION OF THIS SUBTITLE IS GUILTY
17 OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO IMPRISONMENT NOT
18 EXCEEDING 3 YEARS OR A FINE NOT EXCEEDING \$10,000 OR BOTH.

19 (B) A PERSON WHO VIOLATES THIS SUBTITLE IS SUBJECT TO § 5-106(B) OF THE
20 COURTS ARTICLE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an
22 emergency measure, is necessary for the immediate preservation of the public health
23 or safety, has been passed by a ye and nay vote supported by three-fifths of all the
24 members elected to each of the two Houses of the General Assembly, and shall take
25 effect from the date it is enacted.