

HOUSE BILL 845

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71r2165

By: **Delegate Simmons**

Introduced and read first time: February 9, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Mortgage Lenders – Final Mortgage Payment – Notice to Borrower**

3 FOR the purpose of requiring certain mortgage lenders that receive payments from a
4 borrower on a mortgage loan that includes escrowed items to send a certain
5 notice to the borrower at a certain time; requiring the notice to be in writing
6 and sent in a certain manner; defining certain terms; and generally relating to
7 notices mortgage lenders are required to send to borrowers.

8 BY adding to

9 Article – Commercial Law

10 Section 12–109.3 and 12–1026.1

11 Annotated Code of Maryland

12 (2005 Replacement Volume and 2006 Supplement)

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

15 **Article – Commercial Law**

16 **12–109.3.**

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

19 (2) “MORTGAGE LENDER” MEANS A PERSON WHO MAKES A
20 MORTGAGE LOAN UNDER THIS SUBTITLE.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) "MORTGAGE LOAN" MEANS ANY LOAN OR OTHER EXTENSION**
2 **OF CREDIT SECURED BY AN INTEREST IN RESIDENTIAL REAL PROPERTY.**

3 **(B) AT LEAST 30 DAYS BEFORE THE FINAL MORTGAGE PAYMENT IS DUE,**
4 **A MORTGAGE LENDER THAT RECEIVES PAYMENTS FROM A BORROWER ON A**
5 **MORTGAGE LOAN THAT INCLUDES ESCROWED ITEMS SHALL NOTIFY THE**
6 **BORROWER THAT IT IS THE BORROWER'S RESPONSIBILITY:**

7 **(1) TO CONTINUE TO MAKE PAYMENTS ON THE ESCROWED ITEMS**
8 **AFTER THE FINAL MORTGAGE PAYMENT HAS BEEN MADE; AND**

9 **(2) TO INFORM ANY APPROPRIATE GOVERNMENTAL UNIT,**
10 **INSURER, OR OTHER PERSON THAT FUTURE STATEMENTS RELATING TO THE**
11 **ESCROWED ITEMS SHOULD BE SENT TO THE BORROWER'S ADDRESS.**

12 **(C) THE NOTICE UNDER SUBSECTION (B) OF THIS SECTION SHALL BE:**

13 **(1) IN WRITING;**

14 **(2) SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED;**
15 **AND**

16 **(3) SENT TO THE BORROWER'S ADDRESS OF RECORD.**

17 **12-1026.1.**

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

20 **(2) "BORROWER" MEANS AN INDIVIDUAL WHO OBTAINS A**
21 **MORTGAGE LOAN UNDER THIS SUBTITLE.**

22 **(3) "MORTGAGE LENDER" MEANS A PERSON WHO MAKES A**
23 **MORTGAGE LOAN UNDER THIS SUBTITLE.**

24 **(4) "MORTGAGE LOAN" MEANS ANY LOAN OR OTHER EXTENSION**
25 **OF CREDIT SECURED BY AN INTEREST IN RESIDENTIAL REAL PROPERTY.**

1 **(B) AT LEAST 30 DAYS BEFORE THE FINAL MORTGAGE PAYMENT IS DUE,**
2 **A MORTGAGE LENDER THAT RECEIVES PAYMENTS FROM A BORROWER ON A**
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10 **(C) THE NOTICE UNDER SUBSECTION (B) OF THIS SECTION SHALL BE:**

11 **(1) IN WRITING;**

12 **(2) SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED;**
13 **AND**

14 **(3) SENT TO THE BORROWER'S ADDRESS OF RECORD.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2007.