

HOUSE BILL 1035

N1, D3

EMERGENCY BILL

8lr2126
CF SB 532

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

Introduced and read first time: February 7, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County - Foreclosure - Subprime Mortgages - Moratorium**

3 **PG 426-08**

4 FOR the purpose of prohibiting a creditor from maintaining suit in an action to
5 foreclose a certain mortgage on residential real property in Prince George's
6 County under certain circumstances; establishing that a certain creditor may be
7 liable for certain damages under certain circumstances; defining certain terms;
8 providing for the termination of this Act; making this Act an emergency
9 measure; and generally relating to imposing a moratorium on foreclosure of
10 certain subprime mortgages on residential real property in Prince George's
11 County.

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

14 (a) (1) In this section the following words have the meanings indicated.

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
21 measure, is necessary for the immediate preservation of the public health or safety,
22 has been passed by a yea and nay vote supported by three-fifths of all the members
23 elected to each of the two Houses of the General Assembly, and shall take effect from
24 the date it is enacted. It shall remain effective for a period of 6 months from the date it
25 is enacted and, at the end of the 6-month period, with no further action required by
26 the General Assembly, this Act shall be abrogated and of no further force and effect.