

# SENATE BILL 532

N1, D3

EMERGENCY BILL

8lr2125

CF 8lr2126

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By: **Senator Muse**

Introduced and read first time: February 1, 2008

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

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

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

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

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

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

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

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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