

SENATE BILL 532

N1, D3

EMERGENCY BILL

8lr2125
CF 8lr2126

By: **Senator Muse**

Introduced and read first time: February 1, 2008

Assigned to: Judicial Proceedings

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;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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.