

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 640

(Delegate Pena-Melnyk, *et al.*)

Environmental Matters

Judicial Proceedings

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Residential Property in Foreclosure - Notification to a County or Municipal Corporation

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This bill authorizes a county or municipal corporation to enact a local law that requires notice to be given to the county, municipality, or an official thereof when an order to docket or a complaint to foreclose a mortgage or deed of trust is filed on residential property located in the county or municipal corporation. The enacted local law must require the person authorized to make the sale of the residential property to notify the county or municipal corporation within five days after filing an order to docket or a complaint to foreclose the mortgage or deed of trust. Notice to the local government must include the name, address, and contact information of the person authorized to make the sale; the street address of the residential property subject to the foreclosure action; and the names and addresses, if known, of all owners of the residential property.

The bill takes effect July 1, 2009.

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Fiscal Summary

**State Effect:** The bill does not directly affect State finances or operations.

**Local Effect:** The bill does not directly affect local finances or operations.

**Small Business Effect:** None.

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Analysis

**Current Law:** After the commencement of an action to foreclose a lien on real property, but prior to the sale of the property, the person authorized to make the sale must notify

the county or municipal corporation where the property subject to the lien is located. Notice must be given at least 15 days prior to the sale and include the names, addresses, and telephone number of the person authorized to conduct the sale as well as the time, place, and terms of the sale. A county or municipal corporation that receives the notice must notify the person authorized to make the sale of any outstanding liens, charges, taxes, or assessments that the county or municipal organization has against the property within 10 days of receiving notice of the same.

**Background:** Chapters 1 and 2 of 2008 made a number of significant changes to the foreclosure process in Maryland for residential real property. Except under specified circumstances, the Acts prohibit the filing of an action to foreclose a mortgage or deed of trust on residential property until the later of 90 days after a default in a condition on which the mortgage or deed of trust states that a sale may be made or 45 days after the notice of intent to foreclose required under the Acts is sent.

State law requires a secured party to send a written notice of intent to foreclose to the mortgagor or grantor and the record owner at least 45 days before the filing of an action to foreclose a mortgage or deed of trust on residential property. This notice must be sent by certified mail, postage prepaid, return receipt requested, and by first-class mail. A copy of the notice must also be sent to the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation. The notices must be in the form that the commissioner prescribes by regulation and contain the names and telephone numbers of the secured party, the mortgage servicer, the mortgage broker or originator, and an agent of the secured party who is authorized to modify the terms of the mortgage loan. The notice must also contain (1) the Maryland license number of the mortgage lender and mortgage originator; (2) the amount required to cure the default and reinstate the loan; and (3) any other information that the commissioner requires by regulation.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:**  
mlm/kdm

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