

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 869 (Delegate Holmes)  
Environmental Matters

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**Real Property - Protection of Homeowners in Foreclosure - Tenancy Agreement  
- Exception**

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This bill exempts tenancy from notice provisions required under the Protection of Homeowners in Foreclosure Act when an owner-occupied residential property in default is sold and the seller and purchaser mutually agree that the seller may remain in possession of the property for no more than 60 days after settlement.

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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/Background:** Chapters 5 and 6 of 2008, designated as the Protection of Homeowners in Foreclosure Act, establishes violations that constitute unfair or deceptive trade practices under the Maryland Consumer Protection Act. The Protection of Homeowners in Foreclosure Act applies to residences in default as well as residences in foreclosure. A “residence in default” is defined as residential real property in the State on which the mortgage is at least 60 days in default. The property also must consist of four or fewer single-family dwelling units, one of which is occupied by the owner, the owner’s spouse, or the owner’s former spouse under a use and possession order, as the individual’s principal place of residence.

If a tenancy agreement is included in a contract for the sale or transfer of a residence in default, a purchaser is required to provide a homeowner with a specific document about the tenancy. This statement about tenancy must (1) be on a separate sheet of paper attached to the contract; (2) be dated and personally signed by the homeowner and the purchaser; (3) be witnessed and acknowledged by a notary public appointed and commissioned by the State; (4) contain a statement informing the homeowner of the homeowner's right to a copy of a signed lease; and (5) contain a specific statement about tenancy. The purchaser must provide the homeowner with a signed and dated copy of the statement about tenancy immediately upon execution of the contract. The time during which the homeowner may cancel the contract does not begin to run until the purchaser has complied with these requirements.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2009  
ncs/kdm

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