

HOUSE BILL 1337

N1

11r2993

By: **Delegates Holmes, Braveboy, V. Turner, and Wilson**

Introduced and read first time: March 7, 2011

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Residential Property Owned by Bank or Investment**
3 **Company – Required Maintenance**

4 FOR the purpose of requiring a certain bank or investment company that owns certain
5 residential property that has been foreclosed on and repossessed by the bank or
6 investment company to secure and maintain the property according to certain
7 standards; authorizing a county or municipal corporation to enact a local law
8 that requires a certain bank or investment company to secure and maintain its
9 real estate owned property located within the county or municipal corporation
10 boundaries, that requires the bank or investment company to register its real
11 estate owned property with the county or municipal corporation, and that
12 subjects the bank or investment company to a certain civil penalty for failing to
13 register, secure, and maintain the real estate owned property; authorizing a
14 bank or investment company to contract with a certain property preservation
15 company to secure and maintain certain real estate owned property;
16 establishing the liability of the bank or investment company for the failure of
17 the property preservation company to secure and maintain certain real estate
18 owned property; defining certain terms; and generally relating to the
19 requirement that a bank or investment company maintain its real estate owned
20 property.

21 BY repealing and reenacting, without amendments,
22 Article – Real Property
23 Section 7–105.1(a)(1) and (9)
24 Annotated Code of Maryland
25 (2010 Replacement Volume and 2010 Supplement)

26 BY adding to
27 Article – Real Property
28 Section 14–133
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2010 Replacement Volume and 2010 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article – Real Property**

5 7–105.1.

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

7 (9) “Residential property” means real property improved by four or
8 fewer single family dwelling units that are designed principally and are intended for
9 human habitation.

10 **14–133.**

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
12 MEANINGS INDICATED.

13 (2) “REAL ESTATE OWNED PROPERTY” MEANS RESIDENTIAL
14 PROPERTY THAT HAS BEEN REPOSSESSED BY A MORTGAGE LENDER, INCLUDING
15 A BANK, INVESTMENT COMPANY, TRUSTEE, OR OTHER SECURED PARTY, TO SELL
16 SEPARATELY AS A RESULT OF AN UNSUCCESSFUL FORECLOSURE SALE ON THE
17 PROPERTY.

18 (3) “RESIDENTIAL PROPERTY” HAS THE MEANING STATED IN §
19 7–105.1 OF THIS ARTICLE.

20 (4) “SECURED PARTY” MEANS THE OWNER OF A DEBT
21 INSTRUMENT SECURED BY A MORTGAGE OR DEED OF TRUST ON RESIDENTIAL
22 PROPERTY.

23 (B) A MORTGAGE LENDER THAT LISTS REAL ESTATE OWNED PROPERTY
24 ON ITS ACCOUNTING BOOKS AS AN ASSET SHALL:

25 (1) SECURE THE PROPERTY SO THE PROPERTY IS NOT
26 ACCESSIBLE TO UNAUTHORIZED INDIVIDUALS; AND

27 (2) MAINTAIN THE PROPERTY BY KEEPING THE PROPERTY FREE
28 FROM DEAD VEGETATION AND AN ACCUMULATION OF DISCARDED ITEMS THAT
29 GIVE THE APPEARANCE OF THE PROPERTY BEING VACANT AND NOT MEETING
30 NEIGHBORHOOD STANDARDS.

1 **(C) (1) A COUNTY OR A MUNICIPAL CORPORATION MAY ENACT A**
2 **LOCAL LAW THAT REQUIRES ANY MORTGAGE LENDER WITH REAL ESTATE**
3 **OWNED PROPERTY LOCATED WITHIN THE BOUNDARIES OF THE COUNTY OR**
4 **MUNICIPAL CORPORATION TO:**

5 **(I) REGISTER THE REAL ESTATE OWNED PROPERTY WITH**
6 **THE COUNTY OR MUNICIPAL CORPORATION; AND**

7 **(II) SECURE AND MAINTAIN THE REAL ESTATE OWNED**
8 **PROPERTY IN A CONDITION AS DESCRIBED IN SUBSECTION (B) OF THIS**
9 **SECTION.**

10 **(2) A COUNTY OR MUNICIPAL CORPORATION MAY ENACT A LOCAL**
11 **LAW THAT SUBJECTS A MORTGAGE LENDER TO A CIVIL PENALTY FOR:**

12 **(I) FAILING TO REGISTER THE REAL ESTATE OWNED**
13 **PROPERTY AS REQUIRED IN PARAGRAPH (1) OF THIS SUBSECTION; AND**

14 **(II) FAILING TO SECURE AND MAINTAIN THE REAL ESTATE**
15 **OWNED PROPERTY AS REQUIRED IN SUBSECTION (B) OF THIS SECTION.**

16 **(D) A MORTGAGE LENDER MAY CONTRACT WITH A COMPANY TO**
17 **PROVIDE PROPERTY PRESERVATION SERVICES FOR ITS REAL ESTATE OWNED**
18 **PROPERTY.**

19 **(E) A MORTGAGE LENDER IS RESPONSIBLE FOR THE FAILURE OF A**
20 **PROPERTY PRESERVATION COMPANY WITH WHICH THE MORTGAGE LENDER**
21 **CONTRACTS FOR THE COMPANY TO SECURE AND MAINTAIN THE REAL ESTATE**
22 **OWNED PROPERTY AS REQUIRED IN SUBSECTION (B) OF THIS SECTION.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2011.