

HOUSE BILL 664

N1

6lr1768

By: **Delegate Krimm**

Introduced and read first time: February 4, 2016

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Foreclosures – Responsibility for Maintenance of Residential Property and**
3 **Registration Requirement**

4 FOR the purpose of establishing that, on and after the filing of an action to foreclose a
5 mortgage or deed of trust on residential property, the secured party shall be
6 responsible for maintenance of the property until the foreclosure sale occurs;
7 requiring the secured party to submit a registration to the Foreclosed Property
8 Registry within a certain period of time after the filing of an action to foreclose a
9 mortgage or deed of trust on residential property; requiring the registration to be in
10 a certain form and contain certain information; establishing certain fees; making a
11 certain conforming change; requiring a secured party that has a certain pending
12 action to foreclose a mortgage or a deed of trust on the effective date of this Act to
13 submit a certain registration to the Foreclosed Property Registry within a certain
14 period of time; providing for the application of this Act; and generally relating to
15 foreclosure of residential property.

16 BY repealing and reenacting, with amendments,
17 Article – Real Property
18 Section 14–126.1
19 Annotated Code of Maryland
20 (2015 Replacement Volume)

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

23 **Article – Real Property**

24 14–126.1.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) "Department" means the Department of Labor, Licensing, and
2 Regulation.

3 (3) "Foreclosed Property Registry" means the Foreclosed Property Registry
4 established by the Department under subsection (b) of this section.

5 (4) "Foreclosure purchaser" means the person identified as the purchaser
6 on the report of sale required by Maryland Rule 14-305 for a foreclosure sale of residential
7 property.

8 (5) "Fund" means the Foreclosed Property Registry Fund established by
9 the Department under subsection (i) of this section.

10 (6) "Local jurisdiction" means:

11 (i) A county; or

12 (ii) A municipal corporation.

13 (7) "Residential property" means real property improved by four or fewer
14 dwelling units that are designed principally and are intended for human habitation.

15 (b) The Department shall establish and maintain an Internet-based Foreclosed
16 Property Registry for information relating to foreclosure sales of residential property.

17 (c) At the time of a foreclosure sale of residential property, the person responsible
18 for conducting the foreclosure shall obtain from the foreclosure purchaser a written
19 acknowledgment of the requirements of this section.

20 (d) (1) Within 30 days after a foreclosure sale of residential property, a
21 foreclosure purchaser shall submit an initial registration to the Foreclosed Property
22 Registry.

23 (2) The initial registration shall:

24 (i) Be in the form the Department requires; and

25 (ii) Contain the following information:

26 1. The name, telephone number, and address of the
27 foreclosure purchaser;

28 2. The street address of the property that is the subject of the
29 foreclosure sale;

30 3. The date of the foreclosure sale;

1 4. Whether the property is a single-family or multifamily
2 property;

3 5. The name and address of the person, including a
4 substitute purchaser, who is authorized to accept legal service for the foreclosure
5 purchaser;

6 6. To the best of the foreclosure purchaser's knowledge at the
7 time of registration:

8 A. Whether the residential property is vacant; and

9 B. The name, telephone number, and street address of the
10 person who is responsible for the maintenance of the property; and

11 7. Whether the foreclosure purchaser has possession of the
12 property.

13 (3) Within 30 days after a deed transferring title to the residential property
14 has been recorded, the foreclosure purchaser shall submit a final registration to the
15 Foreclosed Property Registry.

16 (4) The final registration shall:

17 (i) Be in the form the Department requires; and

18 (ii) Contain the following information as of the date of final
19 registration:

20 1. The name, telephone number, and address of the owner on
21 the deed;

22 2. The date of the ratification of the sale; and

23 3. The date the deed was recorded.

24 (e) **(1) ON AND AFTER THE FILING OF AN ACTION TO FORECLOSE A**
25 **MORTGAGE OR DEED OF TRUST ON RESIDENTIAL PROPERTY UNDER § 7-105.1 OF**
26 **THIS ARTICLE, THE SECURED PARTY SHALL BE RESPONSIBLE FOR MAINTENANCE OF**
27 **THE PROPERTY UNTIL THE FORECLOSURE SALE OCCURS.**

28 **(2) WITHIN 30 DAYS AFTER THE FILING OF AN ACTION TO FORECLOSE**
29 **A MORTGAGE OR DEED OF TRUST ON RESIDENTIAL PROPERTY UNDER § 7-105.1 OF**
30 **THIS ARTICLE, THE SECURED PARTY SHALL SUBMIT A REGISTRATION TO THE**
31 **FORECLOSED PROPERTY REGISTRY.**

(3) THE REGISTRATION SHALL:

(I) BE IN THE FORM THE DEPARTMENT REQUIRES; AND

(II) CONTAIN THE FOLLOWING INFORMATION:

1. THE NAME, TELEPHONE NUMBER, AND STREET ADDRESS OF THE SECURED PARTY;

2. THE STREET ADDRESS OF THE PROPERTY THAT IS THE SUBJECT OF THE FORECLOSURE ACTION;

3. THE DATE THE FORECLOSURE ACTION WAS FILED;

4. WHETHER THE PROPERTY IS A SINGLE-FAMILY OR MULTIFAMILY PROPERTY;

5. THE NAME AND ADDRESS OF THE PERSON WHO IS AUTHORIZED TO ACCEPT LEGAL SERVICE FOR THE SECURED PARTY;

6. TO THE BEST OF THE SECURED PARTY'S KNOWLEDGE AT THE TIME OF REGISTRATION:

A. WHETHER THE RESIDENTIAL PROPERTY IS VACANT; AND

B. THE NAME, TELEPHONE NUMBER, AND STREET ADDRESS OF THE PERSON WHO IS RESPONSIBLE FOR THE MAINTENANCE OF THE PROPERTY; AND

7. WHETHER THE SECURED PARTY HAS POSSESSION OF THE PROPERTY.

(F) (1) The filing fees for registering a residential property are:

(i) \$50 for an initial registration filed within the time period required under subsection (d)(1) of this section; [and]

(ii) \$100 for an initial registration filed after the time period required under subsection (d)(1) of this section;

(III) \$50 FOR A REGISTRATION FILED WITHIN THE TIME PERIOD REQUIRED UNDER SUBSECTION (E)(2) OF THIS SECTION; AND

1 (IV) \$100 FOR A REGISTRATION FILED AFTER THE TIME PERIOD
2 REQUIRED UNDER SUBSECTION (E)(2) OF THIS SECTION.

3 (2) There is no fee for a final registration.

4 (3) A filing fee paid under paragraph (1) of this subsection is
5 nonrefundable.

6 (4) A local jurisdiction may enact a local law that imposes a civil penalty
7 for failure to register under this section in an amount not exceeding \$1,000.

8 [(f)] (G) (1) Subject to paragraph (2) of this subsection, a local jurisdiction
9 that, in accordance with any applicable building code or local ordinance, abates a nuisance
10 on a residential property registered under this section or takes action to maintain a
11 residential property registered under this section may collect the cost associated with the
12 abatement or other action as a charge included on the residential property's property tax
13 bill.

14 (2) (i) The cost associated with an abatement or other action taken
15 under paragraph (1) of this subsection may not be included as a charge on the residential
16 property's property tax bill unless the local jurisdiction provides advance written notice in
17 accordance with subparagraph (ii) of this paragraph to:

18 1. The person identified in the registry who is authorized to
19 accept legal service for the SECURED PARTY OR foreclosure purchaser; and

20 2. The person identified in the registry who is responsible for
21 the maintenance of the property.

22 (ii) The notice described in subparagraph (i) of this paragraph shall:

23 1. Describe the intended abatement or other action the local
24 jurisdiction intends to take; and

25 2. Be provided:

26 A. In accordance with the notice provisions of the applicable
27 building code or local ordinance; or

28 B. If the applicable building code or local ordinance does not
29 provide for notice, at least 30 days before the local jurisdiction abates the nuisance or takes
30 action to maintain the property.

31 [(g)] (H) (1) The Foreclosed Property Registry:

1 (i) Is not a public record as defined by § 4–101 of the General
2 Provisions Article; and

3 (ii) Is not subject to Title 4 of the General Provisions Article.

4 (2) The Department may authorize access to the Foreclosed Property
5 Registry only to local jurisdictions, their agencies, and representatives and State agencies.

6 (3) Notwithstanding paragraphs (1) and (2) of this subsection, the
7 Department or a local jurisdiction may provide information for a specific property in the
8 Foreclosed Property Registry to:

9 (i) A person who owns property on the same block; or

10 (ii) A homeowners association or condominium in which the property
11 is located.

12 **[(h)] (I)** Revenue collected from the filing fees required under subsection **[(e)(1)]**
13 **(F)(1)** of this section shall be distributed to the Fund.

14 **[(i)] (J)** (1) There is a Foreclosed Property Registry Fund in the Department.

15 (2) The purpose of the Fund is to support the development, administration,
16 and maintenance of the Foreclosed Property Registry established under this section.

17 (3) The Department shall administer the Fund.

18 (4) (i) The Fund is a special, nonlapsing fund that is not subject to §
19 7–302 of the State Finance and Procurement Article.

20 (ii) The State Treasurer shall hold the Fund separately, and the
21 Comptroller shall account for the Fund.

22 (5) The Fund consists of:

23 (i) Revenue distributed to the Fund under subsection **[(h)] (I)** of this
24 section;

25 (ii) Investment earnings of the Fund;

26 (iii) Money appropriated in the State budget to the Fund; and

27 (iv) Any other money from any other source accepted for the benefit
28 of the Fund.

29 (6) (i) The State Treasurer shall invest the money of the Fund in the
30 same manner as other State money may be invested.

1 (ii) Any investment earnings of the Fund shall be paid into the Fund.

2 ~~[(j)]~~ **(K)** (1) Except as provided in paragraph (2) of this subsection, only the
3 State may enact a law requiring a notice to be filed with a unit of government to register
4 residential properties that are subject to foreclosure.

5 (2) This subsection does not restrict or otherwise affect the ability of a unit
6 of government to require a registration or notice to be filed for a purpose other than one
7 relating to foreclosure, even if a property to be identified in the registration or notice is
8 subject to foreclosure.

9 SECTION 2. AND BE IT FURTHER ENACTED, That any secured party that has a
10 pending action to foreclose a mortgage or a deed of trust on residential property under §
11 7–105.1 of the Real Property Article on the effective date of this Act shall submit to the
12 Foreclosed Property Registry a registration that complies with § 14–126.1(e) of the Real
13 Property Article, as enacted by Section 1 of this Act, on or before November 30, 2016.

14 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
15 construed to apply only prospectively and may not be applied or interpreted to have any
16 effect on or application to any foreclosure action filed before the effective date of this Act.

17 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2016.