

# HOUSE BILL 107

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By: **Chair, Environment and Transportation Committee (By  
Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: January 18, 2019

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Residential Property Foreclosure Procedures**

3 FOR the purpose of substituting the Commissioner of Financial Regulation for the  
4 Department of Labor, Licensing, and Regulation in certain provisions of law relating  
5 to the Foreclosed Property Registry; renumbering certain sections; making technical  
6 changes; and generally relating to foreclosure procedures.

7 BY renumbering

8 Article – Real Property

9 Section 7–105.2 through 7–105.11, 7–105.12 through 7–105.14, 14–126, 14–126.2,  
10 and 14–126.3, respectively

11 to be Section 7–105.4 through 7–105.13, 7–105.16 through 7–105.18, 7–105.3,  
12 7–105.2, and 7–105.15, respectively

13 Annotated Code of Maryland

14 (2015 Replacement Volume and 2018 Supplement)

15 BY renumbering

16 Article – Real Property

17 Section 14–126.1

18 to be Section 7–105.14

19 Annotated Code of Maryland

20 (2015 Replacement Volume and 2018 Supplement)

21 (As enacted by Chapters 348 and 349 of the Acts of the General Assembly of 2018)

22 BY repealing and reenacting, with amendments,

23 Article – Real Property

24 Section 7–105(c) and 7–105.1(b)(2)(i)5.

25 Annotated Code of Maryland

26 (2015 Replacement Volume and 2018 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,  
2 Article – Real Property  
3 Section 7–105.2, 7–105.5(b), 7–105.10, 7–105.11(a)(2), 7–105.12(a)(2), 7–105.14, and  
4 7–105.17(c)  
5 Annotated Code of Maryland  
6 (2015 Replacement Volume and 2018 Supplement)  
7 (As enacted by Section 1 of this Act)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
9 That Section(s) 7–105.2 through 7–105.11, 7–105.12 through 7–105.14, 14–126, 14–126.1,  
10 14–126.2, and 14–126.3, respectively, of Article – Real Property of the Annotated Code of  
11 Maryland be renumbered to be Section(s) 7–105.4 through 7–105.13, 7–105.16 through  
12 7–105.18, 7–105.3, 7–105.14, 7–105.2, and 7–105.15, respectively.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as  
14 follows:

15 **Article – Real Property**

16 7–105.

17 (c) A sale made pursuant to this section, §§ 7–105.1 through [7–105.8]  
18 **7–105.10** of this subtitle, or the Maryland Rules, after final ratification by the court and  
19 grant of the property to the purchaser on payment of the purchase money, has the same  
20 effect as if the sale and grant were made under decree between the proper parties in  
21 relation to the mortgage or deed of trust and in the usual course of the court, and operates  
22 to pass all the title which the borrower had in the property at the time of the recording of  
23 the mortgage or deed of trust.

24 7–105.1.

25 (b) (2) (i) The secured party may petition the circuit court for leave to  
26 immediately commence an action to foreclose the mortgage or deed of trust if:

27 5. The property subject to the mortgage or deed of trust is  
28 property that is vacant and abandoned as provided under [§ 7–105.14] **§ 7–105.18** of this  
29 subtitle.

30 7–105.2.

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

32 [(2) “Department” means the Department of Labor, Licensing, and  
33 Regulation.

34 (3)] (2) “Foreclosed Property Registry” means the Foreclosed Property

1 Registry established by the [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
2 under [§ 14–126.1] **§ 7–105.14** of this subtitle.

3 **[(4)] (3)** “Local jurisdiction” means:

4 (i) A county; or

5 (ii) A municipal corporation.

6 **[(5)] (4)** “Notice of foreclosure” means the notice described in subsection  
7 (b) of this section.

8 **[(6)] (5)** “Person authorized to make the sale” means the person  
9 designated under the Maryland Rules to sell residential property subject to foreclosure.

10 **[(7)] (6)** “Residential property” means real property improved by four or  
11 fewer dwelling units that are designed principally and are intended for human habitation.

12 (b) (1) Within 7 days of the filing of an order to docket or a complaint to  
13 foreclose a mortgage or deed of trust on a residential property by a person authorized to  
14 make the sale of the residential property, the person authorized to make the sale shall  
15 provide the [Department] **COMMISSIONER OF FINANCIAL REGULATION** with a notice  
16 of foreclosure as required under this subsection.

17 (2) The notice of foreclosure shall:

18 (i) Be in the form the [Department] **COMMISSIONER OF**  
19 **FINANCIAL REGULATION** requires, which may be the form of a registration with the  
20 Foreclosed Property Registry; and

21 (ii) Contain the following information regarding the property that is  
22 subject to foreclosure:

23 1. The street address;

24 2. The tax account number, if known;

25 3. Whether the property is vacant, if known;

26 4. The name, address, and telephone number of the owner or  
27 owners of the property, if known;

28 5. The name, address, and telephone number of the person  
29 authorized to make the sale; and

30 6. The name, address, and telephone number of a person

1 authorized to manage and maintain the property before the foreclosure sale, if known.

2 (c) (1) A notice of foreclosure:

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

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

6 (2) The [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
7 may authorize access to a notice of foreclosure only to local jurisdictions, the agencies of  
8 local jurisdictions, and representatives of State agencies.

9 (3) Notwithstanding paragraphs (1) and (2) of this subsection, the  
10 [Department] **COMMISSIONER OF FINANCIAL REGULATION** or a local jurisdiction may  
11 provide information for a specific property described in a notice of foreclosure to:

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

13 (ii) A homeowners association or condominium in which the property  
14 is located.

15 7–105.5.

16 (b) The person authorized to make a sale in an action to foreclose a mortgage or  
17 deed of trust shall give written notice of any proposed foreclosure sale to the holder of any  
18 subordinate mortgage, deed of trust, or other subordinate interest, including a judgment,  
19 in accordance with [§ 7–105.2] **§ 7–105.4** of this subtitle and the requirements of Maryland  
20 Rule 14–210.

21 7–105.10.

22 The entry of an order for resale on default by a purchaser at a sale under §§ 7–105  
23 through [7–105.7] **7–105.9** of this subtitle and Title 14 of the Maryland Rules:

24 (1) Does not affect the prior ratification of the sale and does not restore to  
25 the mortgagor or former record owner any right or remedy that was extinguished by the  
26 prior sale and its ratification; and

27 (2) Extinguishes all interest of the defaulting purchaser in the real  
28 property being foreclosed and in the proceeds of the resale.

29 7–105.11.

30 (a) (2) “Bona fide tenant” means a tenant under a lease or tenancy described  
31 in [§ 7–105.6(b)(1)] **§ 7–105.8(B)(1)** of this subtitle.

1 7–105.12.

2 (a) (2) “Bona fide tenant” means a tenant under a lease or tenancy described  
3 in [§ 7–105.6(b)(1)] **§ 7–105.8(B)(1)** of this subtitle.

4 7–105.14.

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

6 [(2) “Department” means the Department of Labor, Licensing, and  
7 Regulation.]

8 [(3) (2) “Foreclosed Property Registry” means the Foreclosed Property  
9 Registry established by the [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
10 under subsection (b) of this section.

11 [(4) (3) “Foreclosure purchaser” means the person identified as the  
12 purchaser on the report of sale required by Maryland Rule 14–305 for a foreclosure sale of  
13 residential property.

14 [(5) (4) “Fund” means the Foreclosed Property Registry Fund  
15 established by the [Department] **COMMISSIONER OF FINANCIAL REGULATION** under  
16 subsection (i) of this section.

17 [(6) (5) “Local jurisdiction” means:

18 (i) A county; or

19 (ii) A municipal corporation.

20 [(7) (6) “Residential property” means real property improved by four or  
21 fewer dwelling units that are designed principally and are intended for human habitation.

22 (b) The [Department] **COMMISSIONER OF FINANCIAL REGULATION** shall  
23 establish and maintain an Internet–based Foreclosed Property Registry for information  
24 relating to foreclosure sales of residential property.

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

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

31 (2) The initial registration shall:

1 (i) Be in the form the [Department] COMMISSIONER OF  
2 FINANCIAL REGULATION requires; and

3 (ii) Contain the following information:

- 4 1. The name, telephone number, and address of the  
5 foreclosure purchaser;
- 6 2. The street address of the property that is the subject of the  
7 foreclosure sale;
- 8 3. The date of the foreclosure sale;
- 9 4. Whether the property is a single-family or multifamily  
10 property;
- 11 5. The name and address of the person, including a  
12 substitute purchaser, who is authorized to accept legal service for the foreclosure  
13 purchaser;
- 14 6. To the best of the foreclosure purchaser's knowledge at the  
15 time of registration:
  - 16 A. Whether the residential property is vacant; and
  - 17 B. The name, telephone number, and street address of the  
18 person who is responsible for the maintenance of the property; and
- 19 7. Whether the foreclosure purchaser has possession of the  
20 property.

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

24 (4) The final registration shall:

25 (i) Be in the form the [Department] COMMISSIONER OF  
26 FINANCIAL REGULATION requires; and

27 (ii) Contain the following information as of the date of final  
28 registration:

- 29 1. The name, telephone number, and address of the owner on  
30 the deed;

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

2                   3.     The date the deed was recorded.

3                   (5)    The [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
4 shall establish procedures that require a foreclosure purchaser, after submitting an initial  
5 registration, to submit to the Foreclosed Property Registry any change to the information  
6 required under paragraph (2)(ii) through 7 of this subsection within 21 business days after  
7 the change is known to the purchaser.

8                   (6)    On receipt through the Foreclosed Property Registry of an initial  
9 registration or any change submitted under paragraph (5) of this subsection, the  
10 [Department] **COMMISSIONER OF FINANCIAL REGULATION** shall promptly notify, by  
11 electronic means, authorized users from the county and, if appropriate, the municipal  
12 corporation in which the property is located.

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

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

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

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

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

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

23               (f)    (1)    Subject to paragraph (2) of this subsection, a local jurisdiction that, in  
24 accordance with any applicable building code or local ordinance, abates a nuisance on a  
25 residential property registered under this section or takes action to maintain a residential  
26 property registered under this section may collect the cost associated with the abatement  
27 or other action as a charge included on the residential property's property tax bill.

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

32                   1.     The person identified in the registry who is authorized to  
33 accept legal service for the foreclosure purchaser; and

34                   2.     The person identified in the registry who is responsible for

1 the maintenance of the property.

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

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

5 2. Be provided:

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

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

11 (g) (1) The Foreclosed Property Registry:

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

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

15 (2) The [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
16 may authorize access to the Foreclosed Property Registry only to local jurisdictions, their  
17 agencies, and representatives and State agencies.

18 (3) Notwithstanding paragraphs (1) and (2) of this subsection, the  
19 [Department] **COMMISSIONER OF FINANCIAL REGULATION** or a local jurisdiction may  
20 provide information for a specific property in the Foreclosed Property Registry to:

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

22 (ii) A homeowners association or condominium in which the property  
23 is located.

24 (h) Revenue collected from the filing fees required under subsection (e)(1) of this  
25 section shall be distributed to the Fund.

26 (i) (1) There is a Foreclosed Property Registry Fund in the [Department]  
27 **OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION**.

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

30 (3) The [Department] **COMMISSIONER OF FINANCIAL REGULATION**  
31 shall administer the Fund.



1                   (4) (i) The Fund is a special, nonlapsing fund that is not subject to §  
2 7–302 of the State Finance and Procurement Article.

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

5                   (5) The Fund consists of:

6                   (i) Revenue distributed to the Fund under subsection (h) of this  
7 section;

8                   (ii) Investment earnings of the Fund;

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

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

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

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

15 7–105.17.

16                   (c) After the final ratification of the auditor’s report following a sale made in  
17 accordance with §§ 7–105.1 through [7–105.8] **7–105.10** of this subtitle or the Maryland  
18 Rules, a secured party or an appropriate party in interest may file a motion for a deficiency  
19 judgment if the proceeds of the sale, after deducting all costs and expenses allowed by the  
20 court, are insufficient to satisfy the debt and accrued interest.

21                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2019.