

Chapter 93

(House Bill 107)

AN ACT concerning

Real Property – Residential Property Foreclosure Procedures

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

BY renumbering

Article – Real Property

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

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

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

BY renumbering

Article – Real Property

Section 14–126.1

to be Section 7–105.14

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

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

BY repealing and reenacting, with amendments,

Article – Real Property

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

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Real Property

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 7–105.17(c)

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

(As enacted by Section 1 of this Act)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 7–105.2 through 7–105.11, 7–105.12 through 7–105.14, 14–126, 14–126.1, 14–126.2, and 14–126.3, respectively, of Article – Real Property of the Annotated Code of

Maryland be renumbered to be Section(s) 7–105.4 through 7–105.13, 7–105.16 through 7–105.18, 7–105.3, 7–105.14, 7–105.2, and 7–105.15, respectively.

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

Article – Real Property

7–105.

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

7–105.1.

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

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

7–105.2.

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

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

(3) (2) “Foreclosed Property Registry” means the Foreclosed Property Registry established by the [Department] **COMMISSIONER OF FINANCIAL REGULATION** under [§ 14–126.1] **§ 7–105.14** of this subtitle.

[(4) (3) “Local jurisdiction” means:

- (i) A county; or
- (ii) A municipal corporation.

[(5) (4) “Notice of foreclosure” means the notice described in subsection

(b) of this section.

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

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

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

(2) The notice of foreclosure shall:

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

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

1. The street address;
2. The tax account number, if known;
3. Whether the property is vacant, if known;
4. The name, address, and telephone number of the owner or owners of the property, if known;
5. The name, address, and telephone number of the person authorized to make the sale; and
6. The name, address, and telephone number of a person authorized to manage and maintain the property before the foreclosure sale, if known.

(c) (1) A notice of foreclosure:

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

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

(2) The **[Department] COMMISSIONER OF FINANCIAL REGULATION**

may authorize access to a notice of foreclosure only to local jurisdictions, the agencies of local jurisdictions, and representatives of State agencies.

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

- (i) A person who owns property on the same block; or
- (ii) A homeowners association or condominium in which the property is located.

7–105.5.

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

7–105.10.

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

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

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

7–105.11.

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

7–105.12.

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

7–105.14.

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

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

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

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

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

[(6) (5) “Local jurisdiction” means:

- (i) A county; or
- (ii) A municipal corporation.

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

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

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

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

(2) The initial registration shall:

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

(ii) Contain the following information:

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

- foreclosure sale;
2. The street address of the property that is the subject of the foreclosure sale;
 3. The date of the foreclosure sale;
 4. Whether the property is a single-family or multifamily property;
 5. The name and address of the person, including a substitute purchaser, who is authorized to accept legal service for the foreclosure purchaser;
 6. To the best of the foreclosure purchaser'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 foreclosure purchaser has possession of the property.

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

(4) The final registration shall:

- (i) Be in the form the [Department] **COMMISSIONER OF FINANCIAL REGULATION** requires; and
- (ii) Contain the following information as of the date of final registration:
 1. The name, telephone number, and address of the owner on the deed;
 2. The date of the ratification of the sale; and
 3. The date the deed was recorded.

(5) The [Department] **COMMISSIONER OF FINANCIAL REGULATION** shall establish procedures that require a foreclosure purchaser, after submitting an initial registration, to submit to the Foreclosed Property Registry any change to the information

required under paragraph (2)(ii)5 through 7 of this subsection within 21 business days after the change is known to the purchaser.

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

(e) (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.

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

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

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

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

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

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

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

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

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

2. Be provided:

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

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

(g) (1) The Foreclosed Property Registry:

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

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

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

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

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

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

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

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

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

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

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

(ii) The State Treasurer shall hold the Fund separately, and the

Comptroller shall account for the Fund.

(5) The Fund consists of:

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

(ii) Investment earnings of the Fund;

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

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

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

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

7-105.17.

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

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

Approved by the Governor, April 18, 2019.