

HOUSE BILL 1223

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EMERGENCY BILL

3lr2863

By: **Delegates Embry, Feldmark, and Kaufman**

Introduced and read first time: February 10, 2023

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Foreclosure Actions – Responsibility of Secured Parties and Stay for**
3 **Determination of Financial Assistance**

4 FOR the purpose of requiring the Commissioner of Financial Regulation in the Maryland
5 Department of Labor to adopt by emergency regulation a certain notice related to
6 the Maryland Homeowner Assistance Fund; prohibiting, with certain exceptions, a
7 secured party from initiating or proceeding with a foreclosure for a certain period if
8 the secured party receives a certain notice; requiring a secured party to make a
9 certain affidavit to the circuit court responsible for the foreclosure action when the
10 secured party makes certain filings; requiring the circuit court to award a stay in a
11 foreclosure action if a certain amount of time has not passed after a certain notice is
12 made; and generally relating to foreclosure actions for owner-occupied residential
13 properties in the State.

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That:

16 (a) In this Act the following words have the meanings indicated.

17 (b) “Financial assistance” means a grant or loan.

18 (c) “Fund” means the Maryland Homeowner Assistance Fund operated by the
19 Department of Housing and Community Development.

20 (d) “Residential property” has the meaning stated in § 7–105.1 of the Real
21 Property Article.

22 SECTION 2. AND BE IT FURTHER ENACTED, That:

23 (a) Subject to the authority granted under § 10–111(b) of the State Government
24 Article and § 7–105.1(c) of the Real Property Article, the Commissioner of Financial

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Regulation in the Maryland Department of Labor shall adopt by emergency regulation a
2 clearly marked notice that includes:

3 (1) a description of the Fund;

4 (2) the website, address, and phone number where homeowners can learn
5 about and apply for a grant or loan from the Fund;

6 (3) the name, e-mail address, and phone number of the administrator for
7 the Fund; and

8 (4) a statement that if the secured party is notified by the administrator
9 for the Fund that the mortgagor or grantor has a pending conditionally eligible application
10 for financial assistance from the Fund, the secured party may not initiate or proceed with
11 foreclosure of a lien on residential property for 120 days.

12 (b) The Commissioner of Financial Regulation shall adopt regulations to ensure
13 the notice required under subsection (a) of this section remains valid for the duration of
14 this Act.

15 SECTION 3. AND BE IT FURTHER ENACTED, That:

16 (a) In this section, “postfile mediation” and “prefile mediation” have the meanings
17 stated in § 7–105.1 of the Real Property Article.

18 (b) (1) This section applies only to a mortgagor or grantor who occupies
19 residential property subject to a foreclosure action.

20 (2) This section does not apply to an action for immediate foreclosure under
21 § 7–105.1(b)(2) of the Real Property Article.

22 (c) (1) Except as provided in paragraph (2) of this subsection, if a secured party
23 receives notice from the administrator for the Fund that the mortgagor or grantor has a
24 pending conditionally eligible application for financial assistance from the Fund, the
25 secured party may not initiate or proceed with a foreclosure of a lien on residential property
26 for 120 days.

27 (2) A secured party may continue to engage in prefile mediation and
28 postfile mediation activities with a mortgagor or grantor during the period identified in
29 paragraph (1) of this subsection.

30 (d) (1) A secured party shall include an affidavit when the secured party files
31 with the court an order to docket, a complaint to foreclose, a motion to strike the request
32 for postfile mediation, or the documents required under § 7–105.4(c) of the Real Property
33 Article stating that:

34 (i) the secured party did not receive notice from the administrator

1 for the Fund that the mortgagor or grantor has a pending conditionally eligible application
2 for financial assistance from the Fund; or

3 (ii) 1. the secured party did receive notice from the
4 administrator for the Fund that the mortgagor or grantor has a pending conditionally
5 eligible application for financial assistance from the Fund; and

6 2. at least 120 days have passed since the secured party
7 received the notice identified in item (i) of this paragraph.

8 (2) The secured party shall include the affidavit filed with the court under
9 paragraph (1) of this subsection with any notice of the order to docket, complaint to
10 foreclose, motion to strike the request for postfile mediation, or foreclosure sale provided to
11 the mortgagor or grantor by law.

12 (3) If the court finds that 120 days have not elapsed since the secured party
13 received the notice from the administrator for the Fund that the mortgagor or grantor has
14 a pending conditionally eligible application for financial assistance from the Fund, the court
15 shall stay the foreclosure action for a period that complies with subsection (c)(1) of this
16 section.

17 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take
18 effect June 1, 2023.

19 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to Section 4 of this
20 Act, this Act is an emergency measure, is necessary for the immediate preservation of the
21 public health or safety, has been passed by a yea and nay vote supported by three-fifths of
22 all the members elected to each of the two Houses of the General Assembly, and, except as
23 provided in Section 4 of this Act, shall take effect from the date it is enacted. It shall remain
24 effective through June 30, 2026, and, at the end of June 30, 2026, this Act, with no further
25 action required by the General Assembly, shall be abrogated and of no further force and
26 effect.