

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 566 (Senator Sydnor)
 Judicial Proceedings

Real Property - Filing Fee for Residential Mortgage Foreclosure - Increase

This bill increases, from \$300 to \$600, the filing fee that must accompany an order to docket (OTD) or a complaint to foreclose a mortgage or deed of trust on residential property.

Fiscal Summary

State Effect: Special fund revenues for the Department of Housing and Community Development (DHCD) increase by approximately \$1.1 million in FY 2026; future years reflect annualization. General fund revenues increase minimally beginning in FY 2026. Expenditures are not directly affected.

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$1.1	\$1.4	\$1.4	\$1.4	\$1.4
Expenditure	0	0	0	0	0
Net Effect	\$1.1	\$1.4	\$1.4	\$1.4	\$1.4

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local finances or operations.

Small Business Effect: Meaningful.

Analysis

Current Law:

Initiation of the Foreclosure Process in Maryland – Generally

Generally, to foreclose on residential property in Maryland, the secured party must first send a notice of intent to foreclose (NOI) to the mortgagor or grantor and the record owner, then file and serve an OTD or a complaint to foreclose. (Whether an OTD or a complaint to foreclose is appropriate is based on the lien instrument held by the secured party.) An OTD or a complaint to foreclose a mortgage or deed of trust on residential property must be accompanied by, in addition to any other filing fees required by law, a \$300 filing fee.

A copy of the NOI must be sent to the Commissioner of Financial Regulation, and if the property is owner-occupied, the NOI must be accompanied by a loss mitigation application form. An action to foreclose a mortgage or deed of trust may not be filed until the later of (1) 90 days (or 120 days if the loan is “federally related”) after a default in a condition on which the mortgage or deed of trust specifies that a sale may be made or (2) 45 days after an NOI is sent. An OTD or complaint to foreclose must be filed with the circuit court, and a copy must be served on the mortgagor or grantor. The OTD or complaint to foreclose must also contain an affidavit stating the date and nature of the default and, if applicable, that the NOI was sent and that the contents of the NOI were accurate at the time it was sent. Additional requirements and procedures relating to the foreclosure process are specified in statute.

Housing Counseling and Foreclosure Mediation Fund

Revenue collected from the filing fee is required to be distributed to the Housing Counseling and Foreclosure Mediation Fund administered by DHCD. The fund may only be used for specified purposes, including (1) supporting nonprofit and government housing counselors and other nonprofit entities with providing legal assistance to homeowners who are trying to avoid foreclosure or manage foreclosure proceedings; (2) supporting efforts by DHCD and the Maryland Department of Labor to provide advice and assistance to homeowners facing financial difficulty or foreclosure; and (3) assisting in funding the costs of foreclosure mediation provided by the Office of Administrative Hearings (OAH).

State Revenues: DHCD reports that there were 4,672 foreclosure filings in fiscal 2024, resulting in special fund revenues of \$1.4 million. To the extent that the number of filings stays consistent despite the fee increase in the bill, special fund revenues for the Housing Counseling and Foreclosure Mediation Fund increase by approximately \$1.1 million in fiscal 2026, which accounts for the bill’s October 1, 2025 effective date, and by

\$1.4 million annually thereafter. Although there is no direct impact on expenditures, additional funding is available for specified purposes, including funding the costs of foreclosure mediations provided by OAH.

General fund revenues increase minimally beginning in fiscal 2026, due to interest earnings from the additional fee revenues generated by the bill accruing to the general fund.

Section 8 of Chapter 717 of 2024 (the Budget Reconciliation and Financing Act of 2024) and § 6-226(a)(2) of the State Finance and Procurement Article require, notwithstanding any other provision of law, that interest earnings from special funds (with certain exceptions) accrue to the general fund. Section 8 of Chapter 717 applies from fiscal 2024 through 2028 and § 6-226(a)(2) applies from fiscal 2029 forward. The Housing Counseling and Foreclosure Mediation Fund is not exempted from the requirement under Section 8 of Chapter 717 nor the requirement under § 6-226(a)(2). General fund revenues therefore increase minimally beginning in fiscal 2026.

Small Business Effect: Any small business lenders are subject to increased fees under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 796 (Delegate J. Long, *et al.*) - Judiciary.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2025
km/jkb

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