

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Deputy Attorney General



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HOUSING UNIT**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

KAREN M. VALENTINE
Deputy Division Chief

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

KIRA WILPONE-WELBORN
Unit Chief

February 17, 2026

To: The Honorable Kriselda Valderrama
Chair, Economic Matters Committee

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: House Bill 523--Real Property - Residential Foreclosures - Commencement Restrictions
(SUPPORT WITH AMENDMENT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 523 sponsored by Delegates Dana Jones, *et al.* House Bill 523 seeks to prevent surprise foreclosures of zombie mortgages by requiring foreclosure actions to be filed within 10 years of default.

Zombie mortgages are loans that a borrower believed, rightly or wrongly, were written off by the initial lender, but, after writing off the mortgage, the initial lender sells it to debt collectors for future collection. Often with zombie mortgages, consumers have received no communication regarding the loan balance or that the loan was sold or serviced by another party. As a result, when the new servicer or debt collector seeks to foreclose on the defaulted mortgage, consumers are surprised. Additionally, zombie mortgages have often been in default for years accruing interest and fees that balloon the balance. As a result, the surprise foreclosure proceedings and large balances can prevent borrowers from modifying the loan or paying off the balance and remaining housed.

House Bill 523 seeks to prevent these surprise foreclosures by imposing a statute of limitations on the filing of the foreclosure action. However, as drafted, the bill could allow debt purchasers of zombie mortgages to extend the period of filing by initiating new collection activities and resetting the clock even after the initial ten-year period proscribed in the bill has

run. As such, the Division recommends the bill be amended to provide that the ten-year period runs from the date of last payment.

For these reasons, the Division requests that the Economic Matters Committee give House Bill 523 a favorable report with the proposed amendment.

cc: The Honorable Dana Jones, *et al.*
Members, Economic Matters Committee