



**HB523 Real Property – Residential Foreclosures – Commencement Restrictions**  
**Position: Favorable**

February 19, 2026

The Honorable Kris Valderrama, Chair  
Economic Matters Committee  
Room 230, House Office Building  
Annapolis, Maryland 21401  
cc: Members, House Economic Matters

Chair Valderrama and Members of the Committee:

We are here in strong support of HB523 which protects Maryland homeowners in two fundamental ways: 1) by providing a 10 year statute of limitations for foreclosures, and 2) by requiring additional documentation on foreclosures that have been delinquent for 5 years and are acquired by a secured party who pursues a foreclosure action.

HB523 builds on the work of the General Assembly during the foreclosure crisis of 2008-2011 and expands protections for homeowners at a time when Maryland foreclosures are increasing. In 2025, 91,076 homeowners faced foreclosure, a 25,000 household increase from 2023<sup>1</sup>. Nationally, Maryland has the third highest foreclosure rate in the country<sup>2</sup>.

HB523 establishes a 10 year statute of limitations for foreclosures. The SoL starts the clock for lenders, giving them 10 years to foreclose on a property. Statutes of limitations on mortgage foreclosures protect homeowners from unexpected foreclosures and certain predatory lending practices. By setting a clear deadline, these statutes ensure that lenders are held accountable for pursuing foreclosure actions within a reasonable timeframe, promoting fairness in the foreclosure process.

Maryland is an outlier nationally. Maryland is one of only two states in the country that does not have a statute of limitations for foreclosures. A 10 year statute of limitations puts us on par with Virginia which has a 10 year statute of limitations. West Virginia has a 5 year statute of limitations, New Jersey has a 6 year statute of limitations, and Pennsylvania has a 20 year statute of limitations.

The other important provision in HB523 is its requirement for appropriate documentation to address the problem of zombie mortgages in Maryland. Zombie mortgages are mortgages that

---

<sup>1</sup> <https://www.dllr.state.md.us/finance/consumers/frforeclosedatatracker.shtml#figure3>

<sup>2</sup> <https://www.newsweek.com/map-shows-states-highest-number-home-foreclosures-2115493>

*Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.*



homeowners believed they were forgiven or satisfied long ago but still exist. Many of these mortgages were taken out as a second mortgage during the lending spree of the mid-2000s when banks would make 80/20 loans where the mortgage was divided between a first and second mortgage which allowed a borrower to qualify and possibly avoid downpayment or other costs.

When the foreclosure crisis struck, many homeowners worked with banks to modify their mortgages to make their monthly payments manageable and believed or were wrongly told that their second mortgage was forgiven.

With property values rising, these “zombie second mortgages” are being resurrected by investors looking to collect on the long-dormant loans. Investors who bought these debts for pennies on the dollar are suddenly foreclosing on homeowners who are current on their first mortgages and have built significant equity in their homes. Families who thought their housing situation was stable now face devastating surprise foreclosures, throwing them into crisis.

HB523 will require secured parties pursuing foreclosures on homes that have been delinquent for 5 years or more to have appropriate documentation as already required under Maryland law.

HB523 will protect homeowners by creating clarity and transparency around the foreclosure timeline, provide lenders with a clear timeline to act, and expand protections for homeowners from zombie mortgages.

For all these reasons, we support HB523 and urge a favorable report.

Best,

Marceline White  
Executive Director

*Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.*

2209 Maryland Ave · Baltimore, MD 21218 | [www.econaction.org](http://www.econaction.org)  
Marceline White · [Marceline@EconAction.org](mailto:Marceline@EconAction.org) | Jennifer Bevan-Dangel · [Jennifer@EconAction.org](mailto:Jennifer@EconAction.org)