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Delegate Kriselda Valderrama, Chair  
Delegate Lorig Charkoudian, Vice Chair  
Economic Matters Committee  
Taylor House Office Building, Room 230,  
Annapolis, MD 21401

**Comments of National Consumer Law Center in Support of HB 523  
Real Property – Residential Foreclosures – Commencement Restrictions**

We present these comments on behalf of the National Consumer Law Center (NCLC).<sup>1</sup> A statute of limitations is an essential consumer protection. In the absence of any time limit on the exercise of legal remedies, creditors can conceal legal claims for years, and even decades. Without warning, creditors later resurrect these claims and threaten consumers with foreclosure and other forms of debt collection. These collection proceedings may target property and income that are essential for a family’s survival. When consumers have heard nothing from a creditor about a mortgage loan for a decade or more, they reasonably believe that the debt was written off, discharged, or modified.

Reports and investigations have documented the devastating effect of “zombie” foreclosures.<sup>2</sup> It is not unusual for the interest and fees that have accrued on a long dormant

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<sup>1</sup> Since 1969, NCLC has used its expertise in consumer law to work for consumer justice and economic security for low-income and other disadvantaged people in the U.S. Our official website can be found at [nclc.org](https://nclc.org).

<sup>2</sup> See e.g. PBS, How 'zombie mortgages' are coming back to haunt homeowners years later (Feb. 5, 2026) <https://www.pbs.org/newshour/show/how-zombie-mortgages-are-coming-back-to-haunt-homeowners-years-later>; Noah Buhayar, *et al*, Bloomberg News, Rise of the ‘Zombie’ Loans Dec., 18, 2025) at <https://www.bloomberg.com/graphics/2025-zombie-debt-great-recession-crisis/>; National Public Radio, Zombie 2nd mortgages are coming to life, threatening thousands of Americans' homes (May 18, 2024), <https://www.npr.org/2024/05/10/1197959049/zombie-second-mortgages-homeowners-foreclosure>

mortgage to exceed the amount of a debt incurred a decade or more ago. If consumers had been aware of the claims, they could have timely explored options to address defaults. They could have requested a loan modification or some other form of loss mitigation. Many could have refinanced at significantly lower interest rates. However, with the accumulation of interest and fees these options become impossible to implement. In other cases, consumers could have accessed government relief programs, such as the Homeowners' Assistance Fund (HAF), that offered federally-funded grants to bring mortgage loans current during the COVID 19 pandemic.

SB 523 is long overdue legislation that will bring Maryland foreclosure laws in line with those of the vast majority of states. Maryland and Alabama are the only states that have not established a deadline for creditors to bring mortgage foreclosure proceedings after a loan has gone into default.

SB 523 sets a ten-year time limit for commencement of a mortgage foreclosure after a default. This limit falls within the middle of the range for foreclosure statutes of limitations in effect around the United States today.<sup>3</sup> Nine states have ten-year statutes of limitations for mortgage foreclosures.<sup>4</sup> Many state statutes set shorter times. For example, nine states impose six-year statutes of limitations for foreclosures.<sup>5</sup> Five states allow only five years.<sup>6</sup> Texas has established a four-year limitation period.<sup>7</sup>

We are aware that opponents of SB 523 predict dire consequences if Maryland enacts a ten-year statute of limitations for foreclosures. These concerns are made up out of thin air. Foreclosure statutes of limitations of ten years or less have been in effect in some of the most populous states for decades. New York has had a six-year statute of limitations for foreclosures since 1962.<sup>8</sup> Florida's current five-year limitation has been in effect since 2001.<sup>9</sup> Texas implemented its current four-year limitation statute in 1997.<sup>10</sup>

Opponents of SB 523 cannot produce any evidence that a statute of limitations along the lines proposed in the Bill ever had a negative impact on home mortgage interest rates or other loan terms in the states where these laws have been in place for decades. Maryland legislators should not base their decisions on this important consumer legislation on arguments that are completely without factual support.

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<sup>3</sup> National Consumer Law Center, *Home Foreclosures*, Appendix E (2d ed. 2023), *updated at* [www.nclc.org/library](http://www.nclc.org/library).

<sup>4</sup> Connecticut, Illinois, Indiana, Kentucky, Missouri, Nebraska, North Carolina, North Dakota, and Tennessee.

<sup>5</sup> Arizona, Alaska, Colorado, Hawaii, Mississippi, New Jersey, Oklahoma, Utah, and Washington.

<sup>6</sup> Florida, Idaho, Kansas, Louisiana, and Arkansas.

<sup>7</sup> Tex. Civ. Proc. & Rem. Code Ann. § 16.035(a) (West).

<sup>8</sup> N.Y. C.P.L.R. § 213(4).

<sup>9</sup> Fla. Stat. § 95.11(2)(c).

<sup>10</sup> Tex. Civ. Proc. & Rem. Code Ann. § 16.035(a) (West).

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