

SENATE BILL 788

N1

2lr1758

By: **Senators Muse, Colburn, and Ramirez**
Introduced and read first time: February 3, 2012
Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 31, 2012

CHAPTER _____

1 AN ACT concerning

2 ~~**Registration of Property Subject to Foreclosure**~~
3 ~~**Real Property – Foreclosed Property Registry**~~

4 FOR the purpose of ~~requiring a person authorized to make the sale of a residential or~~
5 ~~commercial property to give certain notice to the appropriate county agency~~
6 ~~within a certain number of days after filing an order to docket or a complaint to~~
7 ~~foreclose a mortgage or deed of trust on residential or commercial property~~
8 ~~located in the State; requiring a person authorized to make the sale of a~~
9 ~~residential or commercial property to provide the appropriate county agency~~
10 ~~with the contact information of a person authorized to manage and maintain~~
11 ~~the residential or commercial property; authorizing the appropriate county~~
12 ~~agency to collect a certain fee with a certain notice of a filing to foreclose on~~
13 ~~residential or commercial property; requiring the fee to be paid by the owner of~~
14 ~~record of the property subject to foreclosure; requiring the fee collected to be~~
15 ~~used for certain purposes; and generally relating to the registration of~~
16 ~~residential and commercial property subject to foreclosure in the State~~ requiring
17 the Department of Labor, Licensing, and Regulation to establish and maintain a
18 Foreclosed Property Registry for certain property; requiring certain foreclosure
19 purchasers to register certain residential property and to pay certain fees under
20 certain circumstances; authorizing a local jurisdiction to enact a local law to
21 impose a certain civil penalty for a certain violation of this Act; imposing certain
22 limits on access to the Foreclosed Property Registry; establishing that certain
23 fees are nonrefundable; authorizing a local jurisdiction that takes certain
24 actions related to a residential property on the Registry to collect the cost
25 associated with the action as a charge on the residential property's property tax

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 bill; requiring a local jurisdiction to give certain advance written notice before
2 taking certain actions; establishing the Foreclosed Property Registry Fund;
3 providing for the purpose and composition of the Fund; requiring the State
4 Treasurer to invest money in the Fund; providing that earnings from the Fund
5 shall be credited to the Fund; exempting the Fund from a certain provision of
6 law requiring interest on State money in special funds to accrue to the General
7 Fund of the State; repealing a certain provision of law authorizing a county or
8 municipal corporation to enact a certain local law relating to notice of a
9 foreclosure on residential property; establishing that only the State may enact a
10 certain law; establishing that a certain provision does not restrict or otherwise
11 affect the ability of a unit of government to require a certain notice or
12 registration to be filed for a certain purpose; requiring the Department to report
13 certain information to the General Assembly on or before a certain date;
14 establishing that this Act is not intended to repeal a certain local law; and
15 generally relating to the Foreclosed Property Registry.

16 BY repealing

17 Article – Real Property
18 Section 14–126(c)
19 Annotated Code of Maryland
20 (2010 Replacement Volume and 2011 Supplement)

21 BY adding to

22 Article – Real Property
23 Section ~~7–105.11~~ 14–126.1
24 Annotated Code of Maryland
25 (2010 Replacement Volume and 2011 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – State Finance and Procurement
28 Section 6–226(a)(2)(ii)62. and 63.
29 Annotated Code of Maryland
30 (2009 Replacement Volume and 2011 Supplement)

31 BY adding to

32 Article – State Finance and Procurement
33 Section 6–226(a)(2)(ii)64.
34 Annotated Code of Maryland
35 (2009 Replacement Volume and 2011 Supplement)

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
37 MARYLAND, That the Laws of Maryland read as follows:

38 **Article – Real Property**

39 14–126.

1 [(c) (1) In this subsection, “residential property” has the meaning stated in
2 § 7–105.1 of this article.

3 (2) A county or municipal corporation may enact a local law requiring
4 that notice be given to a county or municipal agency or official when an order to docket
5 or a complaint to foreclose a mortgage or deed of trust is filed on residential property
6 located within the county or municipal corporation.

7 (3) A local law enacted under this subsection shall require that within
8 five days after filing an order to docket or a complaint to foreclose a mortgage or deed
9 of trust on residential property, the person authorized to make the sale shall give
10 notice of the filing to the county or municipal agency or official designated by the local
11 law.

12 (4) The notice required under paragraph (3) of this subsection shall
13 include:

14 (i) The street address of the residential property subject to the
15 foreclosure action;

16 (ii) The names and addresses, if known, of all owners of the
17 residential property subject to the foreclosure action; and

18 (iii) The name, address, and telephone number of the person
19 authorized to make the sale.]

20 **14–126.1.**

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
22 **MEANINGS INDICATED.**

23 **(2) “DEPARTMENT” MEANS THE DEPARTMENT OF LABOR,**
24 **LICENSING, AND REGULATION.**

25 **(3) “FORECLOSED PROPERTY REGISTRY” MEANS THE**
26 **FORECLOSED PROPERTY REGISTRY ESTABLISHED BY THE DEPARTMENT**
27 **UNDER SUBSECTION (B) OF THIS SECTION.**

28 **(4) “FORECLOSURE PURCHASER” MEANS THE PERSON**
29 **IDENTIFIED AS THE PURCHASER ON THE REPORT OF SALE REQUIRED BY**
30 **MARYLAND RULE 14–305 FOR A FORECLOSURE SALE OF RESIDENTIAL**
31 **PROPERTY.**

32 **(5) “FUND” MEANS THE FORECLOSED PROPERTY REGISTRY**
33 **FUND ESTABLISHED BY THE DEPARTMENT UNDER SUBSECTION (I) OF THIS**
34 **SECTION.**

1 **(6) "LOCAL JURISDICTION" MEANS:**

2 **(I) A COUNTY; OR**

3 **(II) A MUNICIPAL CORPORATION.**

4 **(7) "RESIDENTIAL PROPERTY" MEANS REAL PROPERTY**
5 **IMPROVED BY FOUR OR FEWER DWELLING UNITS THAT ARE DESIGNED**
6 **PRINCIPALLY AND ARE INTENDED FOR HUMAN HABITATION.**

7 **(B) THE DEPARTMENT SHALL ESTABLISH AND MAINTAIN AN**
8 **INTERNET-BASED FORECLOSED PROPERTY REGISTRY FOR INFORMATION**
9 **RELATING TO FORECLOSURE SALES OF RESIDENTIAL PROPERTY.**

10 **(C) AT THE TIME OF A FORECLOSURE SALE OF RESIDENTIAL**
11 **PROPERTY, THE PERSON RESPONSIBLE FOR CONDUCTING THE FORECLOSURE**
12 **SHALL OBTAIN FROM THE FORECLOSURE PURCHASER A WRITTEN**
13 **ACKNOWLEDGMENT OF THE REQUIREMENTS OF THIS SECTION.**

14 **(D) (1) WITHIN 30 DAYS AFTER A FORECLOSURE SALE OF**
15 **RESIDENTIAL PROPERTY, A FORECLOSURE PURCHASER SHALL SUBMIT AN**
16 **INITIAL REGISTRATION TO THE FORECLOSED PROPERTY REGISTRY.**

17 **(2) THE INITIAL REGISTRATION SHALL:**

18 **(I) BE IN THE FORM THE DEPARTMENT REQUIRES; AND**

19 **(II) CONTAIN THE FOLLOWING INFORMATION:**

20 **1. THE NAME, TELEPHONE NUMBER, AND ADDRESS**
21 **OF THE FORECLOSURE PURCHASER;**

22 **2. THE STREET ADDRESS OF THE PROPERTY THAT IS**
23 **THE SUBJECT OF THE FORECLOSURE SALE;**

24 **3. THE DATE OF THE FORECLOSURE SALE;**

25 **4. WHETHER THE PROPERTY IS A SINGLE-FAMILY**
26 **OR MULTIFAMILY PROPERTY;**

27 **5. THE NAME AND ADDRESS OF THE PERSON,**
28 **INCLUDING A SUBSTITUTE PURCHASER, WHO IS AUTHORIZED TO ACCEPT LEGAL**
29 **SERVICE FOR THE FORECLOSURE PURCHASER;**

1 **6. TO THE BEST OF THE FORECLOSURE**
2 **PURCHASER'S KNOWLEDGE AT THE TIME OF REGISTRATION:**

3 **A. WHETHER THE RESIDENTIAL PROPERTY IS**
4 **VACANT; AND**

5 **B. THE NAME, TELEPHONE NUMBER, AND STREET**
6 **ADDRESS OF THE PERSON WHO IS RESPONSIBLE FOR THE MAINTENANCE OF**
7 **THE PROPERTY; AND**

8 **7. WHETHER THE FORECLOSURE PURCHASER HAS**
9 **POSSESSION OF THE PROPERTY.**

10 **(3) WITHIN 30 DAYS AFTER A DEED TRANSFERRING TITLE TO THE**
11 **RESIDENTIAL PROPERTY HAS BEEN RECORDED, THE FORECLOSURE**
12 **PURCHASER SHALL SUBMIT A FINAL REGISTRATION TO THE FORECLOSED**
13 **PROPERTY REGISTRY.**

14 **(4) THE FINAL REGISTRATION SHALL:**

15 **(i) BE IN THE FORM THE DEPARTMENT REQUIRES; AND**

16 **(ii) CONTAIN THE FOLLOWING INFORMATION AS OF THE**
17 **DATE OF FINAL REGISTRATION:**

18 **1. THE NAME, TELEPHONE NUMBER, AND ADDRESS**
19 **OF THE OWNER ON THE DEED;**

20 **2. THE DATE OF THE RATIFICATION OF THE SALE;**
21 **AND**

22 **3. THE DATE THE DEED WAS RECORDED.**

23 **(E) (1) THE FILING FEES FOR REGISTERING A RESIDENTIAL**
24 **PROPERTY ARE:**

25 **(i) \$50 FOR AN INITIAL REGISTRATION FILED WITHIN THE**
26 **TIME PERIOD REQUIRED UNDER SUBSECTION (D)(1) OF THIS SECTION; AND**

27 **(ii) \$100 FOR AN INITIAL REGISTRATION FILED AFTER THE**
28 **TIME PERIOD REQUIRED UNDER SUBSECTION (D)(1) OF THIS SECTION.**

29 **(2) THERE IS NO FEE FOR A FINAL REGISTRATION.**

1 **(3) A FILING FEE PAID UNDER PARAGRAPH (1) OF THIS**
2 **SUBSECTION IS NONREFUNDABLE.**

3 **(4) A LOCAL JURISDICTION MAY ENACT A LOCAL LAW THAT**
4 **IMPOSES A CIVIL PENALTY FOR FAILURE TO REGISTER UNDER THIS SECTION IN**
5 **AN AMOUNT NOT EXCEEDING \$1,000.**

6 **(F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A LOCAL**
7 **JURISDICTION THAT, IN ACCORDANCE WITH ANY APPLICABLE BUILDING CODE**
8 **OR LOCAL ORDINANCE, ABATES A NUISANCE ON A RESIDENTIAL PROPERTY**
9 **REGISTERED UNDER THIS SECTION OR TAKES ACTION TO MAINTAIN A**
10 **RESIDENTIAL PROPERTY REGISTERED UNDER THIS SECTION MAY COLLECT THE**
11 **COST ASSOCIATED WITH THE ABATEMENT OR OTHER ACTION AS A CHARGE**
12 **INCLUDED ON THE RESIDENTIAL PROPERTY'S PROPERTY TAX BILL.**

13 **(2) (I) THE COST ASSOCIATED WITH AN ABATEMENT OR OTHER**
14 **ACTION TAKEN UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT BE**
15 **INCLUDED AS A CHARGE ON THE RESIDENTIAL PROPERTY'S PROPERTY TAX BILL**
16 **UNLESS THE LOCAL JURISDICTION PROVIDES ADVANCE WRITTEN NOTICE IN**
17 **ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH TO:**

18 **1. THE PERSON IDENTIFIED IN THE REGISTRY WHO**
19 **IS AUTHORIZED TO ACCEPT LEGAL SERVICE FOR THE FORECLOSURE**
20 **PURCHASER; AND**

21 **2. THE PERSON IDENTIFIED IN THE REGISTRY WHO**
22 **IS RESPONSIBLE FOR THE MAINTENANCE OF THE PROPERTY.**

23 **(II) THE NOTICE DESCRIBED IN SUBPARAGRAPH (I) OF THIS**
24 **PARAGRAPH SHALL:**

25 **1. DESCRIBE THE INTENDED ABATEMENT OR OTHER**
26 **ACTION THE LOCAL JURISDICTION INTENDS TO TAKE; AND**

27 **2. BE PROVIDED:**

28 **A. IN ACCORDANCE WITH THE NOTICE PROVISIONS**
29 **OF THE APPLICABLE BUILDING CODE OR LOCAL ORDINANCE; OR**

30 **B. IF THE APPLICABLE BUILDING CODE OR LOCAL**
31 **ORDINANCE DOES NOT PROVIDE FOR NOTICE, AT LEAST 30 DAYS BEFORE THE**
32 **LOCAL JURISDICTION ABATES THE NUISANCE OR TAKES ACTION TO MAINTAIN**
33 **THE PROPERTY.**

1 (I) REVENUE DISTRIBUTED TO THE FUND UNDER
 2 SUBSECTION (H) OF THIS SECTION;

3 (II) INVESTMENT EARNINGS OF THE FUND;

4 (III) MONEY APPROPRIATED IN THE STATE BUDGET TO THE
 5 FUND; AND

6 (IV) ANY OTHER MONEY FROM ANY OTHER SOURCE
 7 ACCEPTED FOR THE BENEFIT OF THE FUND.

8 (6) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF
 9 THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

10 (II) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE
 11 PAID INTO THE FUND.

12 (J) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
 13 SUBSECTION, ONLY THE STATE MAY ENACT A LAW REQUIRING A NOTICE TO BE
 14 FILED WITH A UNIT OF GOVERNMENT TO REGISTER RESIDENTIAL PROPERTIES
 15 THAT ARE SUBJECT TO FORECLOSURE.

16 (2) THIS SUBSECTION DOES NOT RESTRICT OR OTHERWISE
 17 AFFECT THE ABILITY OF A UNIT OF GOVERNMENT TO REQUIRE A REGISTRATION
 18 OR NOTICE TO BE FILED FOR A PURPOSE OTHER THAN ONE RELATING TO
 19 FORECLOSURE, EVEN IF A PROPERTY TO BE IDENTIFIED IN THE REGISTRATION
 20 OR NOTICE IS SUBJECT TO FORECLOSURE.

21 Article – State Finance and Procurement

22 6–226.

23 (a) (2) (ii) The provisions of subparagraph (i) of this paragraph do not
 24 apply to the following funds:

25 62. Veterans Trust Fund; [and]

26 63. Transportation Trust Fund; AND

27 64. FORECLOSED PROPERTY REGISTRY FUND.

28 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before January 1,
 29 2013, the Department of Labor, Licensing, and Regulation shall report to the General
 30 Assembly, in accordance with § 2–1246 of the State Government Article, on the status

1 of the Foreclosed Property Registry and the Foreclosed Property Registry Fund
2 established under this Act, including the number of properties registered, the cost of
3 maintaining the Foreclosed Property Registry, the Fund balance, whether the
4 registration fees need to be altered to reflect the costs of maintaining the Foreclosed
5 Property Registry, and the Department's assessment of the effectiveness of the
6 Registry.

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is not intended
8 to repeal any local law that was enacted under Chapter 149 of the Acts of the General
9 Assembly of 2009 and that is in effect on the effective date of this Act.

10 ~~7-105.11.~~

11 ~~(A) WITHIN 5 CALENDAR DAYS AFTER A PERSON AUTHORIZED TO MAKE~~
12 ~~THE SALE OF A RESIDENTIAL OR COMMERCIAL PROPERTY HAS FILED AN ORDER~~
13 ~~TO DOCKET OR A COMPLAINT TO FORECLOSE A MORTGAGE OR DEED OF TRUST~~
14 ~~ON RESIDENTIAL OR COMMERCIAL PROPERTY LOCATED IN THE STATE, THE~~
15 ~~PERSON AUTHORIZED TO MAKE THE SALE SHALL GIVE NOTICE OF THE FILING~~
16 ~~TO THE APPROPRIATE COUNTY AGENCY FOR THE COUNTY IN WHICH THE~~
17 ~~PROPERTY IS LOCATED.~~

18 ~~(B) THE NOTICE SHALL IDENTIFY THE RESIDENTIAL OR COMMERCIAL~~
19 ~~PROPERTY SUBJECT TO FORECLOSURE BY STREET ADDRESS AND, IF KNOWN, BY~~
20 ~~TAX ACCOUNT NUMBER AND SHALL INCLUDE THE NAMES AND ADDRESSES, IF~~
21 ~~KNOWN, OF ALL OWNERS OF THE RESIDENTIAL OR COMMERCIAL PROPERTY~~
22 ~~SUBJECT TO THE FORECLOSURE ACTION AND THE NAME, ADDRESS, AND~~
23 ~~TELEPHONE NUMBER OF THE PERSON AUTHORIZED TO MAKE THE SALE.~~

24 ~~(C) THE PERSON AUTHORIZED TO MAKE THE SALE MAY PROVIDE TO~~
25 ~~THE APPROPRIATE COUNTY AGENCY FOR THE COUNTY IN WHICH THE~~
26 ~~PROPERTY IS LOCATED THE NAME, ADDRESS, AND TELEPHONE NUMBER OF A~~
27 ~~PERSON AUTHORIZED TO MANAGE AND MAINTAIN THE RESIDENTIAL OR~~
28 ~~COMMERCIAL PROPERTY PRIOR TO THE SALE OF THE RESIDENTIAL OR~~
29 ~~COMMERCIAL PROPERTY.~~

30 ~~(D) (1) THE APPROPRIATE COUNTY AGENCY FOR THE COUNTY IN~~
31 ~~WHICH THE PROPERTY IS LOCATED MAY COLLECT A FEE WITH EACH NOTICE~~
32 ~~UNDER THIS SECTION THAT IS NOT LESS THAN \$75 AND NOT MORE THAN \$250.~~

33 ~~(2) THE FEE AUTHORIZED UNDER PARAGRAPH (1) OF THIS~~
34 ~~SUBSECTION SHALL BE PAID BY THE OWNER OF RECORD OF THE PROPERTY~~
35 ~~SUBJECT TO FORECLOSURE.~~

36 ~~(3) ANY FEE COLLECTED UNDER THIS SUBSECTION MAY BE USED~~
37 ~~FOR:~~

1 ~~(I) ENSURING THE MAINTENANCE AND UPKEEP OF~~
 2 ~~FORECLOSED PROPERTIES BY ENFORCING LOCAL ORDINANCES OR~~
 3 ~~CONDUCTING MAINTENANCE; OR~~

4 ~~(II) MAINTAINING A FORECLOSED PROPERTY REGISTRY.~~

5 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
 6 effect October 1, 2012.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.