

SENATE BILL 875

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5lr2946
CF HB 1197

By: **Senators Benson, Currie, Lee, McFadden, Muse, Ramirez, and Raskin**

Introduced and read first time: March 2, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Foreclosure – Owner–Occupied Residential Property –**
3 **Prohibition on Collection of Deficiency**

4 FOR the purpose of prohibiting a secured party from obtaining a deficiency judgment or
5 taking any other action to collect a deficiency in an action to foreclose a mortgage or
6 deed of trust on certain owner–occupied residential property that was recorded on or
7 after a certain date; and generally relating to foreclosure actions.

8 BY repealing and reenacting, with amendments,
9 Article – Real Property
10 Section 7–105.13
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2014 Supplement)

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

15 **Article – Real Property**

16 7–105.13.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) “Owner–occupied residential property” has the meaning stated in §
19 7–105.1 of this subtitle.

20 (3) “Residential property” has the meaning stated in § 7–105.1 of this
21 subtitle.

22 (b) This section applies to residential property that was owner–occupied
23 residential property at the time an order to docket or complaint to foreclose was filed.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) (1) [After] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
2 **SUBSECTION, AFTER** the final ratification of the auditor's report following a sale made in
3 accordance with §§ 7–105.1 through 7–105.8 of this subtitle or the Maryland Rules, a
4 secured party or an appropriate party in interest may file a motion for a deficiency
5 judgment if the proceeds of the sale, after deducting all costs and expenses allowed by the
6 court, are insufficient to satisfy the debt and accrued interest.

7 (2) **IN AN ACTION TO FORECLOSE A MORTGAGE OR DEED OF TRUST ON**
8 **OWNER–OCCUPIED RESIDENTIAL PROPERTY THAT WAS RECORDED ON OR AFTER**
9 **OCTOBER 1, 2015, IF THE PROCEEDS OF THE SALE, AFTER DEDUCTING ALL COSTS**
10 **AND EXPENSES ALLOWED BY THE COURT, ARE INSUFFICIENT TO SATISFY THE DEBT**
11 **AND ACCRUED INTEREST, THE SECURED PARTY MAY NOT OBTAIN A DEFICIENCY**
12 **JUDGMENT OR TAKE ANY OTHER ACTION AGAINST THE MORTGAGOR OR GRANTOR**
13 **TO COLLECT THE DEFICIENCY.**

14 (d) A motion for deficiency judgment under this section shall be filed within 3
15 years after the final ratification of the auditor's report.

16 (e) The secured party or party in interest shall serve the motion in accordance
17 with the Maryland Rules.

18 (f) The filing of a motion for deficiency judgment in accordance with this section
19 and the Maryland Rules shall constitute the sole post–ratification remedy available to a
20 secured party or party in interest for breach of a covenant contained in a deed of trust,
21 mortgage, or promissory note that secures or is secured by owner–occupied residential
22 property.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2015.