

# HOUSE BILL 1021

N1, D3  
HB 1035/08 – ENV

EMERGENCY BILL

4lr0577

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By: **Prince George's County Delegation**

Introduced and read first time: February 6, 2014

Assigned to: Environmental Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Foreclosure – Subprime Mortgages – Moratorium**

3 **PG 411-14**

4 FOR the purpose of prohibiting a creditor from maintaining suit in an action to  
5 foreclose a certain mortgage on residential real property in Prince George's  
6 County under certain circumstances; establishing that a certain creditor may be  
7 liable for certain damages under certain circumstances; defining certain terms;  
8 providing for the application of this Act; making this Act an emergency  
9 measure; providing for the termination of this Act; and generally relating to  
10 imposing a moratorium on the foreclosure of certain subprime mortgages on  
11 residential real property in Prince George's County.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That:

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

15 (2) "Deceptive subprime mortgage" means a mortgage that:

16 (i) is an extension of credit to a Prince George's County  
17 homeowner by a creditor that employed deceptive means, including an exaggeration of  
18 a Prince George's County homeowner's potential future income or a failure to properly  
19 disclose the current and future interest rate of a mortgage, to convince a Prince  
20 George's County homeowner to borrow more than the Prince George's County  
21 homeowner could afford, or could have reasonably been expected to afford; and

22 (ii) 1. allows a Prince George's County homeowner to pay  
23 only interest for a period of time;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   2.     allows a Prince George's County homeowner to make  
2 a minimum payment that may be lower than the payment required to reduce the  
3 balance of the mortgage;

4                   3.     has an initial fixed rate that, after a period of time, is  
5 replaced with a variable rate; or

6                   4.     was agreed to with minimal or no income verification  
7 information requested from the Prince George's County homeowner.

8                   (3)    "Prince George's County homeowner" means the record owner of  
9 residential real property in Prince George's County consisting of not more than four  
10 single-family dwelling units, one of which is occupied by the owner, as the owner's  
11 principal residence, at the time an order to docket or a petition to foreclose is filed.

12                  (b)    In an action to foreclose a mortgage entered into by a Prince George's  
13 County homeowner, the creditor may not maintain suit in a court of this State unless  
14 the creditor shows to the satisfaction of the court that the mortgage is not a deceptive  
15 subprime mortgage.

16                  (c)    A creditor that fails to show to the satisfaction of the court that the  
17 mortgage is not a deceptive subprime mortgage may be liable for damages not  
18 exceeding the amount of the mortgage, in addition to any other penalty provided by  
19 law.

20                  SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
21 construed to apply only prospectively and may not be applied or interpreted to have  
22 any effect on or application to any suit filed before the effective date of this Act.

23                  SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
24 measure, is necessary for the immediate preservation of the public health or safety,  
25 has been passed by a ye and nay vote supported by three-fifths of all the members  
26 elected to each of the two Houses of the General Assembly, and shall take effect from  
27 the date it is enacted. It shall remain effective for a period of 6 months from the date it  
28 is enacted and, at the end of the 6-month period, with no further action required by  
29 the General Assembly, this Act shall be abrogated and of no further force and effect.