

HOUSE BILL 840

N1

5lr1609

By: **Delegate Knotts**

Introduced and read first time: February 13, 2015

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Foreclosure – Prohibition on Deficiency Judgment**

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

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

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

14 **Article – Real Property**

15 7–105.13.

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

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

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

21 (b) This section applies to residential property that was owner–occupied
22 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, THE SECURED PARTY MAY NOT OBTAIN A DEFICIENCY JUDGMENT**
10 **IF THE PROCEEDS OF THE SALE, AFTER DEDUCTING ALL COSTS AND EXPENSES**
11 **ALLOWED BY THE COURT, ARE INSUFFICIENT TO SATISFY THE DEBT AND ACCRUED**
12 **INTEREST.**

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

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

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

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