



**MARYLAND ASSOCIATION
OF COUNTIES, INC.**

BILL NO.: House Bill 508

TITLE: Real Property – Foreclosure – Mortgage Foreclosure Property Values Protection Act of 2012

POSITION: **SUPPORT**

DATE: April 3, 2012

COMMITTEE: Judicial Proceedings

CONTACT: Andrea Mansfield

The Maryland Association of Counties **SUPPORTS** HB 508. This bill would require the purchaser at a foreclosure sale to close on the transaction and record a deed transferring title within 60 days after the entry of the final order of ratification. If the transaction has not closed, the purchaser must record among the land records contact information of the purchaser, who can accept legal service for the purchaser, and who is responsible for property maintenance.

Many times when a financial institution acquires a property after foreclosure sale, it will delay the recording of the deed until it sells the property to another purchaser. According to the Maryland Foreclosure Task Force, these delays can range from 9 to 18 months. Although local jurisdictions do not forego recordation and transfer tax revenue, these delays do effect the timely collection of these taxes and the amount of investment income a jurisdiction may earn.

These delays also result in many foreclosed residential properties improperly retaining Homestead Tax Credits. The Homestead Tax Credit Program provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties. Following a lender foreclosure, the property is no longer owner-occupied and no longer eligible for the Homestead Tax Credit. The recording of a deed is what triggers the credit removal. If a deed is not recorded until months after a financial institution acquires a property, the State Department of Assessments and Taxation (SDAT) has no way of knowing the property has changed hands.

As amended by the House, HB 508 would also provide a mechanism to improve communications between State and local governments and those entities that are responsible for maintaining properties. Between a foreclosure auction and the recordation of the property deed, properties may fall into disrepair and the local government may not know who to contact to address these matters. This has resulted in increased costs for code enforcement relating to securing and maintaining a vacant foreclosure property. Requiring contact information for the parties mentioned above to be filed with the land records would assist local officials with identifying parties responsible for the maintenance of the foreclosed property ensuring that properties are kept up until the deed is recorded for the purchaser.

For these reasons, MACo urges the Committee to give HB 508 a **FAVORABLE** report.