



House Bill 607

Real Property – Vacant and Abandoned Property – Expedited Foreclosure

MACo Position: **SUPPORT**

To: Environment and Transportation Committee

WITH AMENDMENTS

Date: February 14, 2017

From: Natasha Mehu

The Maryland Association of Counties (MACo) **SUPPORTS** HB 607 **with AMENDMENTS**. This bill intends to establish an expedited foreclosure process for homes that are vacant and abandoned. These properties are often a source of blight and nuisance for the communities surrounding them.

MACo appreciates the time and effort invested by the Committee over the interim to study foreclosures as well as vacant and abandoned properties with the goal of providing local governments additional tools for addressing problem properties. Counties support these efforts but raise the following concerns to ensure an effective expedited foreclosure process is developed without unintended consequences that may undermine the benefits.

County Liability

HB 607 authorizes a county to send notification to a secured party certifying that a property is vacant and abandoned to the best of the sender's knowledge. A secured party is required to commence foreclosure action with the court following this notification. Certifying that a property is vacant and abandoned is a highly fact-specific and complex inquiry that raises significant liability concerns. The county may be vulnerable to constitutional claims and other costly and time-consuming lawsuits from an aggrieved party should the property turn out not to be vacant and abandoned. The law generally affords strong protection for personal property rights and counties do not want to run afoul of any longstanding protections.

Authorization

The bill should be amended to authorize rather than require a secured party to commence an expedited foreclosure. This provides flexibility for circumstances in which it is inappropriate or not advantageous to foreclose. It is important to balance the goals of expediting foreclosure against creating an environment in which obtaining a mortgage becomes more expensive or investment in certain neighborhoods more limited.

Homeowner Protections

While the community will benefit from a property that is no longer vacant and unmaintained, the bill should include stronger and clearer protections for the property owner on record. This could include adding notice provisions, as well as opportunities for an owner to object and appeal. The criteria used to determine "vacant and abandoned" should be broadened and reinforced by appropriate

documentation. For example, disconnected utilities should be supported by documentation from the utility company.

MACo hopes the Committee finds these comments helpful and stands ready to contribute to the Committee's work toward a shared goal of an efficient and effective process to expedite the foreclosure of vacant and abandoned properties. For these reasons, MACo urges a **FAVORABLE with AMENDMENTS** report on HB 607.