

## Protection of Homeowners in Foreclosure

Senate Bill 761 was signed by the Governor of Maryland on May 22, 2005. This emergency bill affects "Foreclosure Consultants" and provides for treble damages, attorney's fees and criminal penalties (3 years/\$10,000) for violating its provisions. As an emergency bill it is effective upon enactment.

<http://www.mlis.state.md.us/2005rs/signings/signed.htm#0526>

Generally speaking, the bill seeks to reduce/eliminate the "scams" whereby homeowners are losing their equity in property before foreclosure through "buy-rent back arrangements" and "transfers of the equity of redemption". The bill requires notices (Miranda type warnings) by the foreclosure trustees and the Foreclosure Consultants; and, permits rescission by the homeowner for a limited period of time after conveyance. The bill does exempt several persons from the definition of Foreclosure Consultant, such as: financial institutions; title insurers; attorneys; mortgage brokers; real estate brokers; lien holders; and, non-profits (except when such person is attempting to acquire the property for himself, an agent or an affiliate) .

The unofficial copy of the bill may be found at--

<http://www.mlis.state.md.us/2005rs/billfile/SB0761.htm>

In addition to affecting foreclosure practices in Maryland by requiring additional notices, the statute imposes numerous restrictions and requirements on individuals investing in residential properties that may be in the process of foreclosure. If you have any questions about the new bill please contact Worthington H. Talcott, Jr., at 301-230-5257.