

March 19, 2013

The Honorable Thomas V. Mike Miller, Jr.  
State House  
Annapolis, Maryland 21401

The Honorable Michael E. Busch  
State House  
Annapolis, Maryland 21401

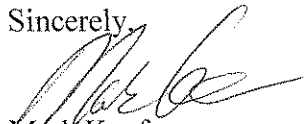
Dear Senator Miller & Delegate Busch:

Attached please find, the Executive Report regarding the Implementation of the Foreclosure Property Registry which was created by Chapter 155 of the Laws of Maryland (2012) introduced as House Bill 1373, entitled *Real Property – Foreclosed Property Registry*.

This report updates the General Assembly on the status of the Foreclosed Property Registry (“Registry”) and the Foreclosed Property Registry Fund (“Registry Fund”) established under the legislation, including the number of properties registered; cost of maintaining the Registry; the Registry Fund balance; whether the registration fees need to be altered to reflect the cost of maintaining the Registry; and effectiveness of the Registry. The Report was due to be submitted on or before January 1, 2013.

I apologize for the lateness of this report. However, we have provided additional data up through February 20, 2013.

Sincerely,



Mark Kaufman,  
Commissioner of Financial Regulation

Enclosure

# **EXECUTIVE REPORT**

## **IMPLEMENTATION OF THE FORECLOSURE PROPERTY REGISTRY**

### **Background**

Chapter 155 of the Laws of Maryland (2012) introduced as House Bill 1373, entitled *Real Property – Foreclosed Property Registry*, required the Department of Labor, Licensing and Regulation (“Department”) to report to the General Assembly, in accordance with §2-1246 of the State Government Article, on the status of the Foreclosed Property Registry (“Registry”) and the Foreclosed Property Registry Fund (“Registry Fund”) established under the legislation, including the number of properties registered; cost of maintaining the Registry; the Registry Fund balance; whether the registration fees need to be altered to reflect the cost of maintaining the Registry; and effectiveness of the Registry. The Report was due to be submitted on or before January 1, 2013.

House Bill 1373 was passed during the 2012 session of the General Assembly and became effective on October 1, 2012. The Department briefed the Environmental Matters Committee on January 24, 2013 on the status of the Registry as part of a joint briefing regarding foreclosure with the Department of Housing and Community Development. At that time, the Committee was updated on the progress of development and implementation of the Registry, and the outreach initiatives conducted to ensure that local jurisdictions would avail themselves of the data collected.

### **The Foreclosed Property Registry**

Chapter 155 requires the Department to establish and maintain an internet-based Registry for information relating to foreclosure sales of residential property. A foreclosure purchaser must submit an initial registration within 30 days of the sale and a final registration within 30 days after a deed transferring title to the property has been recorded. The legislation also authorized the Department to collect a non-refundable filing fee of \$50.00 from a foreclosure purchaser if the initial registration is filed within 30 days of the sale, and a \$100.00 registration fee if filed after 30 days of the sale. There is no fee for the final registration. The Department is prohibited from granting access to the Registry to any person or entity other than a local jurisdiction, its

agencies or representatives, or a State agency. The legislation does authorize the Department or a local jurisdiction to provide information for a specific property in the registry to a person who owns property on the same block or a homeowners association or condominium which the property is located.

Upon passage of the Act, the Department began the process of developing the Registry and setting up a special fund account through the State's accounting system. Working with the Department's Office of Information Technology ("OIT"), the Registry was launched and was able to accept data from purchasers on October 1, 2012, the effective date of the statute. In January 2013, OIT completed the functionality that allows local jurisdictions to access the data.

### **Number of Properties Registered**

As of February 20, 2013, the Department has received 2,120 submissions to the Registry.

### **Cost of Maintaining the Registry**

At this time it is difficult to predict the total cost or annual cost of maintaining the Registry. As of February 20, 2013, the Department has accrued \$61,878 in expenses for the Registry. This amount includes OIT expenses to date, but additional costs relating to the implementation of the Registry reporting features are still undetermined. Moreover, staffing for the registry was only established in January so only one month of staffing cost is reflected to date.

### **Fund Balance**

The Act also established the Registry Fund. The Registry Fund is a special, non-lapsing fund consisting of filing fee revenue collected, the Registry Fund's investment earnings, money appropriated in the State budget, and any other money from other sources for the benefit of the Registry Fund. The purpose of the Registry Fund is to support the development, administration, and maintenance of the Registry. As of February 20, 2013, the total Fund balance was \$45,322.

## Summary of Foreclosed Registry Fund

As of February 20, 2013

<b>Fund Balance as of October 1, 2012</b>	<b>\$ 0.00</b>
<b>Fund Balance as of December 31, 2012</b>	<b>\$ 56,700.00</b>
<b>Fund Balance as of February 20, 2013</b>	<b>\$107,200.00</b>
<b>Expenses charged to Fund Balance</b>	<b>\$ 61,878.00</b>
<b>Fund Balance as of February 20, 2013</b>	<b>\$ 45,322.00</b>

### Assessment of Current Fee Structure

At this time we are unable to determine if the current registration fee could be altered to reflect the cost of maintenance and administration of the Registry because the Registry just became operational in October 2012 and expenses relating to the development and implementation of the Registry are still accruing.

### Effectiveness of Registry

We are also unable to assess the effectiveness of the Registry at this early date. By its nature, the Registry had no data at launch and has been accumulating data regarding foreclosed properties for only a quarter. Likewise, local jurisdictions have only had access to the data since January 2013. The Department is conducting outreach and training to ensure that local jurisdictions are aware of the Registry and able to access the information.