

CHAPTER 633

(House Bill 75)

AN ACT concerning

Real Property Taxes -
Expense Account Arrangements - Late Payment

FOR the purpose of requiring a lender who fails to timely pay the property taxes under a certain mortgage or deed of trust to pay certain taxes, interest, and penalty instead of giving a certain credit; and generally relating to the payment of property taxes, interest, and penalty under certain circumstances.

BY repealing and reenacting, with amendments,

Article - Real Property
Section 7-107
Annotated Code of Maryland
(1981 Replacement Volume and 1987 Supplement)

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

Article - Real Property

7-107.

(A) In the case of a mortgage or a deed of trust in which the lender assumes responsibility to the borrower to pay the property taxes on the mortgaged property by the collection of taxes through an expense account arrangement, the lender shall pay the taxes within 45 days after (1) the first due date, (2) receipt of the tax bill by the lender, or (3) the funds collected by the lender are sufficient to pay the amount of taxes and interest due, whichever occurs last.

(B) If a lender has sufficient funds available to pay the taxes, HAS RECEIVED A COPY OF THE TAX BILL, and fails to pay at the time as provided in this section, [he shall give the borrower a credit for] THE LENDER SHALL PAY the difference between the amount of taxes, interest, and penalty due if paid at the time as provided and the amount of taxes, interest, and penalty [actually paid] DUE AT THE TIME THAT THE TAXES, INTEREST, AND PENALTY ARE ACTUALLY PAID BY THE LENDER.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1988.