

March 2, 2021

The Honorable William C. Smith Jr.
Senate Judicial Proceedings Committee
Miller Senate Office Building,
2 East Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: SB 724 Mortgage Servicers - Requirements and Prohibitions During and After a State of Emergency and Catastrophic Health Emergency (Foreclosure Relief Act of 2021)

Dear Chairman Smith:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding **SB 724 Mortgage Servicers - Requirements and Prohibitions During and After a State of Emergency and Catastrophic Health Emergency (Foreclosure Relief Act of 2021)**. MBIA **Opposes** the Act in its current version.

This bill would prohibit the use of foreclosures during a declared state of emergency. The measure would require borrowers that show a negative financial impact and report it to their servicer on a loan would be granted a forbearance. MBIA respectfully opposes this measure. The recipients of a loan are not the only ones that take a financial hit during declared emergencies such as COVID-19. The requirement that a servicer enter into a forbearance with no guarantee of being able to recoup their costs, no defined payment schedule, and the requirement that they met the cost of mediation will place a sever burden on people already under tremendous financial strain. This bill would also prevent the implementation of late-fee penalties which are a key component in incentivizing a clear and consistent payment schedule.

Tis bill would punish responsible servicers that have clearly stated terms for taking a risk on a loan. This would drive the interest rates and threshold for receiving a loan up making it harder to take out a loan for the purposes of purchasing property and creating a significant barrier to people that intend to invest in property ownership either for the purposes of an investment or home ownership.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee