



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Jill P. Carter

In Favor of SB0724 - Mortgage Servicers – Requirements and Prohibitions During and After a State of Emergency and Catastrophic Health Emergency (Foreclosure Relief Act of 2021)

Before the Judicial Proceedings Committee
on March 2, 2021

Mr. Chairman, Vice chair, and Members of the Committee:

The goal of this bill is to provide relief to homeowners that have been struggling to keep up with mortgage payments during the ongoing emergency caused by the Covid-19 pandemic. There are many facets of relief contained in this bill, but the primary ones are extending the foreclosure moratorium and requiring mortgage servicers to grant forbearances to homeowners facing serious financial hardship as a result of the state of emergency.

In addition to foreclosure prevention and forbearance protection, this bill establishes that once the period of the forbearance ends, the default repayment method is to add the missed payments onto the end of the loan. This prevents homeowners from being forced to pay exorbitant fees or lump sums as soon as the forbearance expires to make up for what they have missed. The bill also prevents mortgage servicers from assessing late fees to homeowners in forbearance during the state of emergency.

Next, this bill prevents mortgage servicers from publishing negative credit information about homeowners relating to mortgage payment forbearance as a result of the state of emergency. This would prevent mortgage servicers from threatening such action over homeowners in order to pressure them to pay when they are already suffering and in forbearance.

The final element of this bill is to create a private right of action for homeowners to sue mortgage servicers if they do not comply with this bill. As we have seen over the course of the pandemic, some mortgage servicers have moved forward with foreclosure proceedings despite the moratorium in place. This would create an additional incentive for mortgage servicers to comply with the law and actually be able to provide relief to homeowners.

I believe that each part of this bill is significant and will truly help people stay in their homes despite the negative financial impact that Covid is having on so many Maryland residents. Just in January, a Census Bureau Survey showed that 21% of all Maryland homeowners thought that they would face foreclosure within two months, while only 1% thought that their payments would be deferred. With so much uncertainty for citizens regarding their education, employment, health and savings- housing security should not be another major concern weighing on our citizens' shoulders.

This legislation is a common sense bill that will keep people in their homes and stop mortgage servicers from exploiting

homeowners during a crisis. For these reasons, I urge a favorable report on SB 724 from this committee.

Respectfully,

A handwritten signature in blue ink that reads "Jill P. Carter". The signature is written in a cursive style with a large initial "J" and a circled "P".

Jill P. Carter