



**Testimony offered on behalf of:  
MARYLAND MORTGAGE BANKERS & BROKERS ASSOCIATION, INC.**

**IN SUPPORT, WITH AMENDMENT, OF:**

**SB0689 – Financial Institutions – Conventional Home Mortgage Loans –  
Assumption and Required Disclosures**

**Senate Finance Committee  
Hearing – 2/20/2025 at 1:00 PM**

The Maryland Mortgage Bankers and Brokers Association, Inc. (“MMBBA”) **SUPPORTS, WITH AMENDMENT, SENATE BILL 869.** While the MMBBA fully supports efforts to enhance fairness and accessibility for homeowners, we respectfully request the removal of the bill’s **retroactive provisions** and recommend a more reasonable implementation timeline to ensure a smooth transition for all stakeholders.

Mandating retroactive application of this requirement will conflict with most existing loan agreements. Retroactive alterations can undermine the integrity of contracts and expose lenders and servicers to legal disputes. **There is a strong argument that a retroactive effect of this bill would be unconstitutional as an impairment of contract rights.** The lenders who make their loans prior to the effective date of the proposed bill believe the contract with a borrower to be interpreted in a certain way (not to permit such assumptions). And the borrowers must understand the same interpretation to apply. Changing that interpretation to apply to existing loans is a major concern.

Additionally, the proposed legislation, with an effective date only six months from its passage, poses significant operational challenges for the lending industry in Maryland. One critical issue is that Fannie Mae’s Uniform Loan Instrument, which standardizes mortgage terms nationwide, would no longer apply to loans originating on residential dwellings in the state. This divergence would require lenders to develop, review, and adopt new loan documents specific to Maryland, a process that typically involves extensive legal, compliance, and system updates. Additionally, lenders would need to train staff, update borrower disclosures, and ensure alignment with servicing practices—all within an unreasonably short timeframe. By comparison, California’s implementation of similar legislation allowed more than two years for industry adoption, acknowledging the complexity and scale of such changes. A similar timeline in Maryland is essential to minimize disruption and ensure a smooth transition for lenders and borrowers alike.

For these reasons, MMBBA **SUPPORTS, WITH AMENDMENT, SB0689.**

*Timothy J. Gough*

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