



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

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**IN SUPPORT OF:**  
**HB 314 – Lien Priority of Refinance Mortgage –  
Exception for Government Junior Mortgages**  
**House Environment and Transportation Committee**  
**Hearing – 2/11/2020 at 1:00 PM**

**The Maryland Mortgage Bankers and Brokers Association, Inc. (“MMBBA”)  
SUPPORTS HOUSE BILL 314.**

Many members of the MMBBA act as lenders for the Maryland Mortgage Purchase Program. This program affords many Maryland borrowers the opportunity to obtain secondary mortgage financing (also known as a junior lien) which provides funds that enable a borrower to complete the purchase of a home.

Under certain circumstances borrowers have been allowed to keep junior lien financing in place in conjunction with a refinance of the existing first mortgage *without* permission of the first lien holder as permitted under the Real Property Article, Section 7-112 of the Annotated Code of Maryland. HB 314 will exempt those loans with a 0% interest rate made by a State or Local Government agency from the automatic process.

By enacting this legislation, most junior liens will be required to be paid off, thus returning funds to the State or Local government, as appropriate, to be used by additional Maryland homebuyers. As a practical matter, payoff of these Junior Liens has been the practice, and this clarifies the requirement going forward.

Therefore, the MMBBA urges a **FAVORABLE REPORT** on House Bill 314.

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