



House Bill 314 – Real Property – Lien Priority of Refinance Mortgages – Exception for Government Junior Mortgages

Position: Support

The Maryland REALTORS® support HB 314 which clarify that certain junior liens like the Downpayment and Settlement Loan Program (DSELP) are not automatically subordinated under current law.

The primary goal of the original law allowing automatic subordination was to ensure consumers would not miss out on refinancing at lower interest rates .Because HB 314 applies to 0% interest loans, it is not possible for the consumer to receive a refinance with a better interest rate.

By removing automatic subordination for DSELP, DHCD can ensure that the program won't lose money, preserving resources that can be used to assist other needy homebuyers. Across our country, the rate of first-time buyers is at a thirty year low falling from around 40% to about 33%.

For those reasons, the REALTORS® recommend a favorable report.

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