

MALCOLM AUGUSTINE
Legislative District 47
Prince George's County

Finance Committee
Energy and Public Utilities Subcommittee

Senate Chair, Joint Committee on the
Management of Public Funds



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3745 · 301-858-3745
800-492-7122 Ext. 3745
Fax 410-841-3387 · 301-858-3387
Malcolm.Augustine@senate.state.md.us

-Testimony of Senator Malcolm Augustine

Regarding Senate Bill 155: Consumer Protection – Mobile Home Purchasers

Before Senate Finance Committee

On February 5, 2020

Chair Kelley, Vice-Chair Feldman, and members of the Senate Finance Committee.

It's important to note that key stakeholders including Maryland Department of Labor, Maryland's Commissioner of Financial Regulation, the General's office and members of the Mobile Home industry, worked out a compromise on this consumer protection bill. This Mobile Purchaser Consumer Protection bill was part of the much larger consumer protection bill presented by Senator Rosapepe last year who, along with Senator Reilly, is a co-sponsor of this bill.

Maryland is currently home to approximately 33,000 mobile homes.

Senate Bill 155 makes three (3) overarching changes to current law that will ensure reasonable protections for owners of mobile homes. The bill:

1. Establishes a duty of good faith and fair dealing for mobile home retailers;
2. Requires retail sellers of mobile homes to provide consumers with certain disclosures of their rights at the time of sale; and
3. Expands the notice requirement in the mobile home foreclosure process from 10 days to 30 days, with exceptions for abandoned or voluntarily surrendered property.

Establishing a duty of good faith and fair dealing for retail sellers of mobile homes will ensure that Maryland's consumers are protected from illicit lending practices and prevent retailers from steering consumers toward captive finance companies. Requiring disclosures at the time of sale will ensure that Maryland's consumers are aware of their rights and abilities to seek redress.

By aligning the foreclosure process for mobile homes more closely to the process for residential real property, Senate Bill 155 ensures that families in mobile homes are protected from undue foreclosure. This bill will require creditors to provide a 30-day (rather than 10-day) notice and waiting period

before undertaking any efforts to repossess the home. **Please note that creditors retain the ability to repossess the home quicker than 30 days if the home is abandoned or voluntarily surrendered.**

Senate Bill 155 will provide greater protections for the owners of mobile homes that are consistent with protections afforded to homeowners under federal law. **For the aforementioned reasons, I respectfully request a favorable report from the Committee on Senate Bill 155.**

Background Information

Purpose: The Office of the Commissioner of Financial Regulation (OCFR) seeks to enhance consumer protection provisions related to the purchase of mobile homes in Maryland. These enhancements are accomplished by adopting certain consumer protection standards similar to those found in state and federal law.

Proposal: The bill codifies the federal definition of “dwelling” and provides a State law definition of “mobile home” in order to prevent Maryland law from being affected by potential changes made at the federal level. This bill also strengthens consumer protections by establishing a duty of good faith and fair dealing for the mobile and manufactured home retailers doing business across Maryland in order to prevent them from steering customers toward captive financing companies, and further requiring them to provide consumers with certain disclosures regarding their rights.

Further, the bill formalizes certain foreclosure rules regarding chattel loans that involve mobile homes, aligning them with those applicable to residential real property. Specifically, it establishes a 30-day notice and waiting period before repossession efforts are taken (expanded from the 10-day notice and waiting period

under current law) while preserving a creditor's ability to repossess property sooner under circumstances that are similar to those applicable to real property. In sum, this proposal provides greater protections for upwards of 30,000 Marylanders who own or reside in mobile homes, and is consistent with similar protections that are provided under federal law.

Fiscal Information: While it is difficult to anticipate or quantify the number of complaints that will arise out of the new requirements, OCFR is confident that the proposal can be implemented and carried out with existing resources.