



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB1009**

Testimony by Delegate Vaughn Stewart

February 24th, 2021 • Economic Matters Committee

What the Bill Does

**HB1009 would help homeowners remain in their homes through the pandemic and its economic fallout.** Most notably, the bill would put guardrails on the post-forbearance repayment process. Many Marylanders received forbearance relief that will soon expire. HB1009 would prohibit servicers from requiring lump-sum post-forbearance payments. Additionally, the default option for repayment would be to add arrearages to the end of the mortgage term.

The bill would require servicers to notify borrowers of their existing rights under federal and state law, and creates an enforcement mechanism to hold servicers accountable for any violations. Finally, HB1009 strengthens and codifies a few provisions in Governor Hogan's foreclosure-related executive orders.

Why the Bill Is Important

The pandemic has created financial uncertainty for many Marylanders. According to ATTOM Data Solutions,<sup>1</sup> a group that reports data on housing instability in the pandemic, Maryland has some of the most pandemic-vulnerable housing markets in the country. In last year's third quarter, six Maryland counties were among the 50 most at-risk in the country.<sup>2</sup> This summer, the Baltimore metro area had the third-highest foreclosure rate in the country.<sup>3</sup>

In a January Census Bureau survey, 10.2% of Marylanders with a mortgage were behind on their payments, 14.5% were not confident that they would be able to afford future payments, and 21% felt it was likely they would face foreclosure within two months. Despite these statistics, only 1% of respondents said that their payment would be deferred, which evinces a widespread lack of awareness of the rights homeowners currently enjoy.

Fortunately, actions from both the federal government and Governor Hogan have mitigated homeowner hardship and forestalled a larger wave of foreclosures. But more must be done. Principally,

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<sup>1</sup> <https://www.attomdata.com/news/market-trends/attom-data-solutions-q4-2020-coronavirus-housing-impact-report/>

<sup>2</sup> "Markets are considered more or less at risk based on the percentage of homes facing possible foreclosure, the portion with mortgage balances that exceed the estimated property value and the percentage of average local wages required to pay for major home ownership expenses."

<sup>3</sup> <https://dsnews.com/daily-dose/08-27-2020/foreclosure-filings-down-but-remain-high-in-some-states>

VAUGHN STEWART  
Legislative District 19  
Montgomery County

Environment and Transportation  
Committee

Subcommittees  
Environment  
Land Use and Ethics



The Maryland House of Delegates  
6 Bladen Street, Room 220  
Annapolis, Maryland 21401  
410-841-3528 · 301-858-3528  
800-492-7122 Ext. 3528  
Vaughn.Stewart@house.state.md.us

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neither the federal nor state government has issued clear guidance on the issue of post-forbearance repayment. While most servicers are working with homeowners to achieve a mutually beneficial outcome, legislation is needed to prohibit predatory practices from a small minority of bad actors. HB1009 would make adding arrearages to the end of the mortgage term the default option during the negotiation process. That option will be the most borrower-friendly one in most situations, though the bill would still allow the parties to agree to a different arrangement.

Why the Committee Should Vote Favorably

Maryland homeowners need help staying in their homes. A wave of foreclosures would be disastrous for both residents and the wider prospects for our economic recovery. HB1009 would help prevent this pain and hardship. I urge a favorable report.