

# House Bill 1009

Testimony Of

**Scott Webber**

Before the

**Maryland House of Delegates  
Economic Matters Committee**

Feb. 24, 2021

## **FAVORABLE WITH AMENDMENTS**

Chairman Davis and fellow members of the Economic Matters Committee:

My name is Scott Webber, proud MD citizen since 1986, currently living in Bethesda.

I come before you today not only as a passionate – and compassionate - community advocate, but as a second-generation Realtor licensed here in Maryland for the past dozen years. Accordingly, I speak as knowledgeable professional who witnessed first-hand, the devastation and destruction of the housing crisis experienced in Maryland – and nationwide - back in the 2008-2010 and subsequent period.

I am asking – pleading – that this body exhibit the wisdom and leadership needed to avoid a similar – if not more devastating – outcome.

As the direct result of the COVID-19 pandemic, job losses and income reductions are putting Maryland homeowners

I am in strong favor of House Bill 1009 in principle, but with a few critical amendments that I believe will effect a far more beneficial outcome.

**The details of my proposed amendments are attached, but the overall philosophy and approach are as follows:**

- Housing is a fundamentally essential need for all Marylanders; everybody needs to live somewhere.
- Foreclosure creates homelessness at the exact time we need residents to stay ‘at home’.
- Foreclosure-created homelessness creates a public health risk.
- Foreclosure-created homelessness creates a public financial burden.
- Foreclosure creates neighborhood loss-of-value or outright ‘blight’.
- Foreclosure destroys potentially decades or an entire generation of wealth.
- Foreclosure disproportionately impacts minority communities.
- Foreclosure proceedings during Court closures create opportunities for grave injustice and irreparable harm.
- Foreclosure sales conducted during mandatory gathering restrictions are fundamentally unfair.

**Solutions to the above are addressed in HB1009 and are common sense:**

- NO foreclosures should take place during a declared State Of Emergency – Period!
- During an EXTENDED State Of Emergency, FORBEARANCES should be offered and implemented to minimize foreclosure and the resultant homelessness.
- Borrowers should be held responsible for all debt, but adjustments made as to when the impacted payments that come due during the State Of Emergency should be paid.
- The Maryland Courts should only allow foreclosures when all applicable rules, regulations, and statutes have been followed by the lender attempting to foreclose.
- Violations and/or outright fraudulent foreclosure processes or procedures should hold the responsible party accountable.

I respectfully request that you give thoughtful discernment to the above, and the attached.

Respectfully Submitted,

Scott Webber

# Suggested Amendments to HB1009

## Non-Language-Specific Recommendations

1. As currently drafted, the HB 1009 is unclear as to how this applies to foreclosures currently in progress, which remains the single most important issue at hand. Dozens of Marylanders each week are watching their homes sold at foreclosure auctions by unscrupulous debt collectors, often with no evidence of a default, or in some cases **an actual debt**. Homelessness during a deadly global pandemic is a **national security concern** as well as a **state health safety concern**. Moreover, the loss of generational wealth for communities of color that comes from losing one's home during the **worst economic downturn since the Great Depression** is a serious concern. We urge an amendment to the bill that strengthens protections for everyday Marylanders currently facing foreclosure.
2. The language as-is in the bill does not address adequately or clearly the concern regarding homes that have already been sold or allegedly sold at auction during the pandemic. We suggest that the bill be strengthened by making clear that such sales are to be vacated by courts without delay.
3. As is currently drafted, the language in the bill does not address where an active foreclosure picks up after the State of Emergency is lifted. As such, we encourage you to amend that all defaults in Maryland courts must re-file an Notice of Intent following a 3 month waiting-period, and a pre-file mediation. This would reset the clock and protect homeowners rights that might have been procedurally waived during the pandemic, namely the right to contest the debt's veracity and the standing of a debt collector claim it owns the debt in question **or** has the express permission of the lender/loan servicer to proceed with foreclosure.

## Language-Specific Recommendations

*Below is a list of recommendations for friendly amendments to the bill based on feedback from mortgage experts -- both policy experts and retired lending agents assisted with their drafting. "P #" refers to the page number of the bill's official text as found [here](#). "L #" refers to the line number of text on that page.*

### [AMENDMENTS - NEW]

**P3:L19 (B)** ... OR ANY OTHER SECURED DEBT SUBJECT TO FORECLOSURE.

**NOTE:** Make this a clean, universal 'No foreclosures during emergencies' bill.

**P4:L8 P4:L9** "Servicer" includes a MortgageEE, GrantEE, or...

**NOTE:** Wrong side of the table: a mortgagor or grantor is the borrower...

**P4:L11** [NEW] "EXTENDED STATE OF EMERGENCY OR CATASTROPHIC HEALTH EMERGENCY" MEANS A DECLARED STATE OF EMERGENCY OR

CATASTROPHIC HEALTH EMERGENCY LASTING MORE THAN 30 CALENDAR DAYS.

**NOTE:** Differentiates this trigger from a 3-day declared Snow Emergency, etc.

**P4:L13** ...LEGALLY OCCUPIED PROPERTY DURING AN EXTENDED STATE OF EMERGENCY...

**NOTE:** Excludes vacant or abandoned property and only during EXTENDED SOM.

**P5:L2** ... regardless of any PRIOR mediation...

**NOTE:** There is current statute that only allows one mediation round.

**P5:L5** ... further POSTFILE mediation CONSISTENT WITH RULE 14-209.1.

**NOTE:** Resumes the foreclosure via an established but refreshed process.

**P5:L22** ...the state of EXTENDED emergency...

**P5:L26-30** [DELETE (1) and (2) ]

**NOTE:** The requirement that a loan be 'Current as of Feb. 20, 2020' is unfair to any person who might have been struggling prior to COVID, but was negatively impacted just as much [or as the statistics show, most likely even more impacted] by COVID, or that fell behind in January, etc. Being delinquent on one's mortgage should not put a borrower at greater risk for being forced into homelessness during a pandemic.

Also eliminates foreclosure of disputed loans.

Also removes 1-time Feb. 1, 2020 use, and thus, usable for future SOM.

**P6:L13** ... a statement EXPLAINING THE REASON FOR denial...

**P6:L20** [DELETE 'FEDERALLY BACKED']

**NOTE:** Equal treatment. No differentiation Federal or Non-Federal

**P6:L23** DELETE L:23 TO L:29 Up to "NOTICE OF INTENT..."

**P7:L9** ... a servicer ~~MAY~~ SHALL

**NOTE:** The 'MAY' clause at §7-606(B) is problematic, as it conflicts with the CARES Act provisions that MANDATE the opportunity for a 180-day extension request during the initial 180 day period, and for which this section will conflict with your §7-610.

**P8:L22** ... IF THE SERVICER COMPLIES WITH THE PROVISIONS OF ANY FEDERAL HOMEOWNER RELIEF PACKAGE OFFERED BY THE FEDERAL GOVERNMENT DURING THE EXTENDED EMERGENCY...

**NOTE:** Provides consistency with any Federal law, ie: CARES Act

**P8:L23** [DELETE (1) and (2) ]

**NOTE:** Equal treatment. No differentiation Federal or Non-Federal