



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

IN OPPOSITION OF:

HB0960 – Landlord and Tenant – Lease Agreements – Estoppel Certificates and 2 Subordination, Non-Disturbance, and Attornment Agreements

House Environment and Transportation Committee

Hearing – February 19, 2021, 1:30 PM

The Maryland Mortgage Bankers and Brokers Association, Inc. (MMBBA) **STRONGLY OPPOSES** House Bill 960, Landlord and Tenant – Lease Agreements – Estoppel Certificates and Subordination, Non-Disturbance, and Attornment Agreements.

House Bill 960 would prohibit leases from containing Estoppel Certificates and Subordination, Non-Disturbance, and Attornment Agreements (“SNDAs”) in leases. However, House Bill 960 would not prohibit Estoppel Certificates or SNDAs in other agreements between landlords and tenants. We fail to see any benefit in requiring that certain provisions relating to the landlord-tenant relationship be in a lease document while other provisions are in a document with other names. It is generally cumbersome, often confusing, and sometimes counterproductive to have provisions affecting two parties in different documents. What if the documents do not mesh precisely – which one would control? What if one of the documents fails for some reason (for example, due to an omitted signature) – what happens to the other document and how is it to be interpreted?

Estoppel certificates enhance the ability of landlords to mortgage or sell their properties. They include statements from the tenants about the status of the leases and the condition of the leases and the properties, and they are signed by the tenants who are in the best position to report on the leases and the properties. Estoppel certificates are also beneficial to tenants who may have issues about the condition of their properties. When asked to deliver estoppel certificates, tenants often point out deficiencies with their leases or properties, and landlords frequently use those opportunities to correct any outstanding issues.

SNDAs set forth several different provisions, depending on the relative priorities of landlord, tenant, and lenders. SNDAs often contain language authorizing a tenant to remain in possession of its property subject to the lease that it has negotiated even if its landlord loses the property to foreclosure by the lender. Therefore, SNDAs can be valuable instruments, extremely beneficial for the parties.

For the foregoing reasons, the Maryland Mortgage Bankers and Brokers Association, Inc. recommends that House Bill 960 be given an **UNFAVORABLE REPORT**.

Thank you for your consideration.

Timothy J. Gough, CMB

Co-Chair, MMBBA Legislative Committee

tgough@baycapitalmortgage.com (410) 320-0852