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February 26, 2021

The Honorable William Smith, Jr., Chairman
Miller Senate Office Building
Judicial Proceedings Committee
11 Bladen Street
Annapolis, MD 21401

**RE: Testimony of Maryland Legal Aid in Support of Senate Bill 724 –
Requirements and Prohibitions During and After a State of Emergency and
Catastrophic Health Emergency (Foreclosure Relief Act of 2021)**

Dear Chairman Smith and Members of the Committee:

Thank you for the opportunity to provide testimony in support of this important bill. Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. MLA supports SB 724 and asks that this committee give it a favorable report.

This letter serves as notice that William F. Steinwedel, a staff attorney with the MLA's Foreclosure Legal Assistance Project, will testify on behalf of MLA at the request of Senator Jill Carter. Through MLA's Foreclosure Legal Assistance Project, MLA represents many homeowners facing foreclosure, including those with FHA, VA, USDA, Fannie Mae, Freddie Mac, and privately held mortgages. MLA also represents reverse mortgage holders facing foreclosure.

Many of the homeowners that MLA represents are facing additional challenges due to the COVID-19 pandemic. The economic pain of this crisis has not been shared equally, as jobs held by lower-income individuals, such as restaurant workers, hotel workers, and service industry employees, have been hit disproportionately hard. Also, many homeowners that MLA represents live in multi-generational households that rely on several different income sources. If one of those income sources is lost, the household cannot pay the mortgage payment. As a result, many homeowners that MLA represents are currently in forbearances and will continue to face difficulties paying their mortgage once this crisis is over.

SB 724, in concert with the moratoriums and actions taken at the federal level, goes a long way towards protecting Maryland's most vulnerable homeowners from adverse consequences. This bill prevents the commencement of foreclosure cases, as long as the COVID-19 emergency is in place. Additionally, it provides for protections for privately held mortgages, something that the federal government has not done yet. This

protection is essential because some low-income homeowners have mortgages that are privately held, as Fannie Mae, Freddie Mac, and FHA in recent years have sold some of their portfolios to private trusts.

SB 724 also provides protections for homeowners after the COVID-19 emergency is over. This bill allows the homeowner to request a subsequent mediation to discuss permanent modification options. It also prohibits loan servicers from requiring homeowners who are just coming out of an economic crisis to take steps that they cannot reasonably be expected to take, such as paying large lump sums of delinquent mortgage payments. These protections will go a long way to preventing the worst outcomes for clients when the COVID-19 emergency is lifted.

SB 724 also provides protections for homeowners if the mortgage servicers and lenders do not abide by this law's protections. This is an integral part of the proposed statute. Some mortgage servicers and lenders may try to move quickly to try to recoup lost revenue in some cases after the COVID-19 emergency is over, and the deterrents that this statute provides should prevent them from being able to do so.

In conclusion, homeowners in the State of Maryland will continue to face challenging times after the COVID-19 emergency. SB 724, along with the federal government's protections, will help make those difficult times much more manageable.

Thank you for providing MLA the opportunity to comment on this important piece of legislation. **Maryland Legal Aid strongly supports SB 724 and asks that this committee give it a favorable report.**

/s/ William F. Steinwedel
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