



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

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**IN OPPOSITION OF:**  
**HB 803 – Residential Property Foreclosure – Filing and Adjudication of Counterclaims**

**Environment and Transportation Committee**  
**Hearing – 2/22/2022 at 1:00 PM**

The members of the Maryland Mortgage Bankers and Brokers Association, Inc. (“MMBBA”) vigorously **OPPOSE HOUSE BILL 803**.

HB 803 will permit a debtor to raise a counterclaim in the post file mediation segment of a residential foreclosure proceeding. It seems reasonable to permit a person with a counterclaim to raise that counterclaim in an action that might lead to selling a person’s home. If a person believes “the right to foreclose does not exist”, it would make sense for the debtor to raise this point; however, the debtor already has this right under the current foreclosure process.

Foreclosures are typically governed by Title 14 of the Maryland Rules. If enacted, HB 803 will statutorily provide that when a counterclaim is filed (for any reason, regardless of validity), the action for foreclosure will be governed by Title 2 of the Maryland Rules which relates to civil actions, generally. Shifting the foreclosure proceeding under Title 2 would substantially increase the already prolonged foreclosure process, currently the longest process in the United States, by months, if not years. Title 2 would grant the debtor the right to a jury trial, and the proceedings prior to the counterclaim may be nullified, reverting the process back to the beginning. The associated costs to the creditor will be overwhelming, ultimately increasing the cost and availability of credit to all credit worthy borrowers in the state of Maryland.

Finally, Section 2 of House Bill 803 indicates that the point of the bill is to be consistent with the two cases identified in lines 22-25. These two cases are governing law in Maryland now, so what is the real purpose or effect of House Bill 803?

For these reasons, the members of the Maryland Mortgage Bankers and Brokers Association, Inc. urge an **UNFAVORABLE REPORT on House Bill 803.**

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