



**COMMUNITY
LEGAL SERVICES**
OF PRINCE GEORGE'S COUNTY, INC.

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HB 1223
FORECLOSURE ACTIONS -
RESPONSIBILITY OF SECURED PARTIES AND STAY FOR DETERMINATION OF
FINANCIAL ASSISTANCE
HEARING BEFORE THE HOUSE ENVIRONMENT AND TRANSPORTATION
COMMITTEE
MARCH 7, 2023

POSITION: SUPPORT WITH SPONSOR AMENDMENTS

Community Legal Services of Prince George's County, Inc. (CLS), is a non-profit organization established to provide quality legal services to low-income residents of Prince George's and surrounding Counties. We provide advice and representation to homeowners facing foreclosure in Prince George's County. Since the 2008 Recession, CLS has been a leading organization in Prince George's County for helping residents avoid foreclosure, advising, and representing clients through our staff and pro bono attorneys.

During the 2008 foreclosure crisis, the legislature enacted laws to improve foreclosures and allow homeowners meaningful notice of the foreclosure of their homes in hopes that it would improve the foreclosure process, provide homeowners a fair chance to save their homes, and preserve homeownership across Maryland. These laws while helpful are still not enough to assist all homeowners facing the loss of their homes. Post-pandemic, homeowners across the state face additional challenges limiting meaningful participation in the foreclosure process.

Homeowner Assistance Fund (HAF) was launched last year by the State to provide homeowners with federal covid relief money in the form of grants and loans to cover mortgage and other delinquencies that may lead to foreclosure. While HAF has been processing and will continue to process grants and will continue until September 2026 or when funds are expended. HAF has a budget of \$190,000,000 in funds for mortgage and housing financial assistance, and, as of February 17, 2023, has approved or paid \$62,616,485. There is still over \$127,000,000 in funds ready and waiting to be distributed to prevent foreclosures.

A challenge when assisting clients with the HAF process is the delay in processing and payment with the servicer. The timeline from beginning the application to payment to the servicer can average 20 weeks. Those delays may be caused by the applicant but can also be caused by delays from the mortgage servicer. These delays without a postponement in the Court proceeding may cause a qualified homeowner a possible home loss in the foreclosure while awaiting application to be processed.

HB 1223 will create a temporary stay in judicial foreclosure proceedings ensuring homeowners receive additional time to complete the HAF application process to resolve delinquencies and stop the foreclosure. After the stay expires, the servicer will still be able to continue the foreclosure process.

HB 1223 is ultimately beneficial for lenders and the community as well. Lenders know that foreclosed loans are less profitable than performing loans. Lenders often bear the costs of a foreclosed property sitting empty for months. Foreclosed homes also impact the community and lower the value of homes surrounding a foreclosed property. HB 1223 will improve communities and will help maintain generational wealth by preserving homeownership. For the above reasons,

CLS urges a FAVORABLE with sponsor amendments report on HB 1223.

If you have any questions, please contact Jessica Quincosa, Executive Director, at quincosa@clspgc.org, 240-391-6370.