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**Senate Bill 904 –
Foreclosure Proceedings – Residential Mortgagors and Grantors –
Access to Counsel
Position: FAVORABLE**

Dear Committee Members:

Thank you for the opportunity to testify in support of SB 904, a bill that would allow homeowners to receive Access to Counsel in Foreclosure proceedings.

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 the hope 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.

The challenges under Maryland law include numerous technical pitfalls in the normal judicial process outlined in Maryland Rule 14 that can lead to summary denial of a homeowner's argument, silencing their voices. The technical expertise to be heard is too often dependent on funding an attorney to plead for the homeowner. Homeowners who have had hardships causing them to fall behind on their mortgages to find not only the funds to bring their mortgages current and make lenders whole but also to find and pay an attorney for the privilege to do so.

The irony of foreclosure defense is that homeowners pay attorneys to be allowed the time to pay their lenders, instead of simply paying their lenders. It is undeniable that successful foreclosure defense not only preserves home ownership but lenders are made whole because successful foreclosure defense means the homeowner continues paying their mortgage. CLS clients always want their day in court to state their stories. They want to plead their case to a Judge, to have a chance to bring their mortgage current, and hopefully keep their homes. Too often their arguments are dismissed for technicalities of Maryland Rule 14 and usually because a homeowner does not have the funds to retain an attorney.

SB 904 will remedy this problem because it will put in place a mechanism for Maryland homeowners to pre-pay into a fund for a possible future need to save their home from foreclosure. This process is akin to paying title insurance. SB 904 establishes a right to representation in foreclosure cases and provides the funding that will allow homeowners a fair chance of working with their lenders and the Courts to preserve home ownership. This will help homeowners despite numerous forces that might jeopardize their homes, like COVID, or a housing collapse. With funding in place, homeowners can have properly drafted motions and legal resources that will be adequately funded to provide them with the representation and guidance they need so they can be heard. SB 904 will accomplish that by improving the number of performing loans by allowing homeowners guidance within the foreclosure process to help them take advantage of the tools in the process that are in place to help them keep their homes. For example, guidance to understand mediation, loss mitigation, how to interpret lender communications, and numerous other areas that many homeowners lack the experience to navigate.

SB 904 is ultimately beneficial for lenders and the community as well. Lenders know that foreclosed loans are not more 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. SB 904 will improve communities and will help maintain generational wealth by preserving homeownership.

For the above reasons,
CLS urges a FAVORABLE report on SB 904.

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