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Ways and Means Committee

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THE MARYLAND HOUSE OF DELEGATES
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Favorable Testimony

Judiciary Committee 2/1/2023 2:30PM

HB225: Foreclosure Proceedings – Residential Mortgagors and Grantors – Access to Counsel

Good afternoon, Chairman Clippinger, Vice Chair Moon and honorable members of the Judiciary Committee. My name is Delegate Nick Charles and I am grateful to provide testimony in support of HB225 Foreclosure Proceedings – Residential Mortgagors and Grantors – Access to Counsel.

Homeownership is the American Dream. But, this “dream” has turned into something more similar to a nightmare when we truly take into account how the systems in place, that were built upon discriminatory practices of redlining and discrimination in Mortgage Lending, are still creating barriers to equitable practices today.

As found in a research study published as recently as 2022, Black borrowers had the highest denial rate at 27.1 percent, whereas white borrowers had the lowest at 13.6 percent. I worked with the Brookings Institute and Ashoka to create Legislation that would uplift the Black homeowners community. HB225 is a part of the package created by their research.

Foreclosure is an extraordinarily catastrophic event with tremendous ramifications for the future financial stability and social mobility of affected families. As a State, we have the unique opportunity to help communities that have been impacted by these same biases and work to ensure they get help when they need it most. Keeping the home they had to work so hard to get in the first place, should be our goal as a supportive measure to homeowners in our State.

This Bill will work to address that. HB225 establishes access to legal representation for individuals meeting specified qualifications in specified foreclosure proceedings. Covered individuals does not include all people, but those who own and occupy the residential property and make no greater than 50% of the State’s median income. To facilitate this access, the Bill establishes the Access to Counsel in Foreclosure Proceedings (ACFP) Program, administered by the Maryland Legal Services Corporation (MLSC), to organize and direct services and resources in order to provide all covered individuals with access to quality legal representation.

This Bill also establishes an ACFP Task Force and an ACFP Special Fund, which is also to be administered by MLSC. The access to legal representation established by the Bill must be phased in over time as determined appropriate by MLSC, with a goal of being fully implemented before October 1, 2026. The bill increases, from \$300 to \$600, specified filing fees in foreclosure actions. Of the new fee collected,

\$300 must be distributed to the ACFP Special Fund. This is a step we can take forward together to ensure our State is supporting generational wealth development in our Black communities.

Today we have a brain trust of support with Maryland Community Legal Services, The Brookings Institute, Ashoksa, and others here to testify in support of this measure.

Thank you for your time, I ask that you move favorably in support of this important piece of Legislation.