



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

IN OPPOSITION TO:

**SB0831 – Credit Regulation – Reverse Mortgage Loans –
Escrow Accounts**

Senate Finance Committee
Hearing – 3/6/2025 at 1:00 PM

The Maryland Mortgage Bankers and Brokers Association, Inc. (“MMBBA”) is OPPOSED to SENATE BILL 0831.

There is already an opportunity for any borrower to request a Lifetime Expense Set-Aside Account (LESA), but by requiring it on every loan it would potentially harm a large majority of borrowers, most of whom have no issue meeting their housing financial obligations on their own. Requiring most or all the loan proceeds to be set-aside for their life expectancy eliminates the borrower’s ability to utilize their equity for either needs-based expenses or as a financial planning tool with funds available on a line of credit (LOC).

Also, for those hoping to extinguish a forward mortgage payment or other mandatory obligation, a required set-aside may result in the borrower being short to close and without sufficient proceeds to accomplish their goal of monthly cash flow relief. The very characteristics and provisions of the Home Equity Conversion Mortgage (HECM), the HUD regulated, and FHA insured reverse mortgage, the only reverse mortgage currently available for use by Maryland citizens, make it impractical if not impossible to require the establishment of a traditional escrow account.

For these reasons, MMBBA **OPPOSES SB0831 and requests an Unfavorable Report** by the Committee.

Respectfully submitted,

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