

To: SENATE FINANCE COMMITTEE

From: Scarlett Bowman 1251 Shaffersville Road Mount Airy MD 21771, 410-259-5035

Date: March 7, 2025

Re: Senate Bill 1026-Scarlett Bowman-Unfavorable

**Subject: TESTIMONY IN OPPOSITION TO SB 1026
PLEASE ACCEPT THIS TESTIMONY IN OPPOSITION TO THE MOORE
ADMINISTRATION'S EFFORTS (i.e. SB 1026) TO CHANGE FUNDAMENTAL,
CONSUMER PROTECTION LAWS WHICH HAVE BEEN MARYLAND LAW**

I am here to give my written testimony because I am the exact homeowner that this legislation is meant to protect. I married my high school sweetheart and had 3 children, and we took over a family farm in western Howard county that has been in my family since the late 1800's. My husband and I filed for divorce and the farm had to be refinanced and put in my name alone. I was a fulltime real estate agent at the time in 2006. Predatory lending at its highest. I was self-employed single mom with little income, but it didn't matter. I was given a no doc, no income verification loan because I had so much equity in my home. Fast forward to 2008 and the housing bust and my real estate income was in trouble. I fell behind on my mortgage. My loan had already been sold many times on the secondary market as a non-performing loan, so it sold for pennies on the dollar. So, my 500,000 debt probably sold for less then 100,000 to some trust. I was able to get a modification. I started a dog boarding business on my farm. Fast forward to 2019 and I am newly married and making good money at my dog boarding business when covid happened and traveling was banned. I went from making really good money to maybe 400.00 a month and did not qualify for Unemployment initially because I owned my own business. It is very hard to make a 3200.00 mortgage with no income. Within a few months I was unable to keep up and defaulted on my loan. My loan is not federally backed so my "note holder" which is a trust, had no obligation to work with me. A docket to foreclose was filed and I was forced to retain a attorney and spend thousands to try and save my home. I attended mediation and was offered a new modification agreement that almost doubled my interest rate from 4.25% to almost 8%, and increased my payment from 3200.00 to 4400.00 and made my loan 40 years with an over 200,000 balloon at the end of the 40 years. The trust has no interest in working with me. They want to foreclose. They buy up non-performing loans for pennies on the dollar and in Maryland housing market can cover any fees to foreclose and they still walk away more then doubling their money. I currently have an active federal case where a judge has stated I have a valid FDCPA claim and foreclosure never should have been filed, and Howard county case to try and save my family farm.

Despite all this the servicer and trust has decided to schedule my home for sale which is scheduled for March 28th.

A realtor who sells a home has to have a license, a mortgage originator and lender have to be licensed, the foreclosing attorney has to be licensed. Everyone has to be licensed EXCEPT these trust that prey on Maryland's most vulnerable homeowners. These trust have no incentive to work with Marylanders. They want to make money off of their investment and what better way then to buy up defaulted loans, offer horrible modifications (just so they can say they offered a modification) and when a homeowner such as myself who is struggling can't make the INCREASED mortgage payment offered in a modification they foreclose. I have offered to just reinstate the loan, pay the lenders out of pocket expenses (roughly 50k) and start making my regular payments in April. This offer has gone unanswered besides receiving a notice of a foreclosure sale. So my option now is to come up with 180k by March 28th, or lose my home. How is this helping Marylanders. With the upcoming federal government layoffs and shutdowns Maryland is going to see more and more homeowners fall behind. According to the governor's office, there are approximately 160,000 federal civilian jobs in Maryland, or 6 percent of jobs in the state. Maryland has the second highest concentration of federal employees in the nation, behind only Washington, DC. Soon many of these federal workers will fall behind on their mortgages, their loans will be sold on secondary market for pennies on the dollar as non-performing notes and these trust won't work with the homeowners and no law says they have to.

"Mortgage note" investing has become the newest thing in real estate investment and more and more companies are popping up to teach you how to do it. A simple google search pulls up companies like

<https://www.noradarealestate.com/blog/real-estate-mortgage-notes/>

or

<https://noteinvestors.com/the-ultimate-guide-to-mortgage-note-investing-unlocking-the-potential-of-this-lucrative-investment-strategy/>

These are just 2 of the dozen or more that have all recently popped up offering classes on how to become a mortgage note investor and the "big returns" on purchasing non-performing loans on the secondary market. And today's technology now has websites with notes listed that banks are selling. By passing this emergency bill you are essentially saying that you support "big money" of passive trust over the struggling Maryland homeowner.

The claim that this ruling will affect loans available to Marylanders just does not make sense. Many lenders are licensed and sell Fannie and Freddie and Va loans which are all exempt. Everyone has to be licensed in a home buying transaction. A trust that gets all the rights as the original mortgagor should have to get the same licensing. Licensing helps protect Marylanders most vulnerable homeowners. And to know that this emergency bill was entered because of the pushback from secondary lenders should tell you that this legislation is needed. Don't put the interest of super rich trusts above protecting Maryland homeowners from losing their home or predatory practices.