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DEPUTY MAJORITY WHIP

Judicial Proceedings Committee
Executive Nominations Committee

Joint Committees

Administrative, Executive, and
Legislative Review

Children, Youth, and Families
Senate Chair, Legislative Ethics



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony for Senate Bill 566
Real Property – Filing Fee for Residential Mortgage Foreclosure-Increase
Before the Judicial Proceedings Committee
February 6, 2025

Good afternoon, Chair Smith, and members of the Judicial Proceedings Committee,

Senate Bill 566 (“SB 566”) is a simple and straightforward bill designed to increase fees and monies collected from foreclosure actions which will support the [Maryland Housing Counseling Fund Program \(“MHCF”\)](#) administered by the Maryland Department of Housing and Community Development. Since this fund was created in the aftermath of the Great Recession two decades ago, these monies supported Maryland’s non-profit housing counsel agencies and also Maryland legal service providers assisting our constituent’s facing foreclosure. In recent years the funding for these agencies has reduced significantly and Maryland’s non-profit partners have struggled to maintain services designed to assist borrowers with sustainable solutions to save their homes from foreclosure or alternatively seek a soft landing to a new home and avoid the negative consequences of a foreclosure to themselves and the community.

So, to reverse this trend, SB 566 will increase the foreclosure fees collected in each foreclosure action from \$300 (which was the original amount when the MHCF was created in 2008) to \$600. This is a fair increase when thinking about inflation alone has increased significantly since 2008 and the cost of services by our non-profit agencies has also increased during the same time period. Also, it should be noted that monies received from this fee will not come from the State but will be paid by Secured Parties commencing foreclosure actions. In many instances the Secured Parties will be able to recoup the fee in the later stages of the foreclosure process.

Given that most foreclosures are now commenced in Maryland by private equity funds who have taken over the secondary, mortgage market, it’s hard to say they will be unduly burdened by the increase fee which simply reflects increased inflation and also the cost of services by our non-profit partners. These entities have endless resources.

When the fee was originally established in 2008 homeowner advocates agreed to it for the means of the greater good that preventing a foreclosure whenever possible was a priority and the State did not have adequate resources to provide such direct services which could be carried out by out by its allies in the non-profit community. Given the realities of the State's current budget situation, this increase serves an even greater paramount purpose today since the State has little margin to provide the necessary, direct services.

For these reasons, I urge the committee to provide Senate Bill 566 a favorable report.