



HB 523 – Real Property - Residential Foreclosures - Commencement Restrictions

Committee: House Judiciary Committee

Date: February 19, 2026

Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** HB 523. This legislation would impose a 10-year statute of limitations on foreclosure proceedings beginning from the date of default and establish extensive documentation requirements for foreclosures on properties acquired after being in default for five years or more. These provisions create significant administrative burdens for mortgage lenders and could adversely affect the stability and efficiency of Maryland’s secondary mortgage market—ultimately diminishing the availability of mortgage credit within the state.

A strong and well-functioning secondary mortgage market is essential to maintaining liquidity and ensuring more Marylanders can access affordable mortgage financing. Additional restrictions on the foreclosure process, such as those outlined in HB 523, discourage secondary market participants from purchasing Maryland-originated loans. When these loans are not purchased, lenders lose critical liquidity needed to originate new mortgage loans, reducing credit availability for prospective Maryland homeowners.

The requirements outlined in Section (3)(E-1) are of particular concern to Maryland banks. The documentation obligations imposed on debt buyers under §5-1203 of the Courts and Judicial Proceedings Article can be extremely burdensome. Due to the way mortgages are routinely transferred in the secondary market, obtaining materials such as a complete chronological chain of ownership or all prior bills of sale may be impractical or impossible. As a result, otherwise performing assets could become effectively unsellable, reducing their value and constraining liquidity.

Maryland banks are committed to supporting policies that expand access to mortgage credit and help Marylanders remain in their homes. HB 523 would undermine these goals, and accordingly, MBA respectfully urges an **UNFAVORABLE** report on HB 523.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.