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HB1509



**MARYLAND
MORTGAGE**
BANKERS AND BROKERS
ASSOCIATION

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

IN OPPOSITION TO:

HB1509

Financial Institutions – Mortgage Servicers – Insurance Proceeds

House Economic Matters Committee
Hearing – March 10, 2026, at 1:00 PM

The MMBBA represents lenders, brokers, servicers, and housing-finance professionals responsible for providing access to responsible mortgage credit across the State. We respectfully **OPPOSE** House Bill 1509.

While we appreciate the intent to establish statutory guidance governing the handling of insurance proceeds following property damage, the bill as drafted imposes rigid and duplicative requirements on mortgage servicers that conflict with existing federal servicing regulations and investor servicing standards. Mortgage servicing is governed by comprehensive federal rules that already regulate the administration, safeguarding, and disbursement of insurance proceeds. Creating a separate Maryland-specific framework introduces operational conflict, compliance uncertainty, and increased administrative burden without evidence of systemic consumer harm under current law.

Mortgage servicing systems are national in scope and rely on uniform processes. When state-specific mandates require unique handling procedures, servicers must build parallel compliance systems, increasing costs and legal risk. Those costs do not remain confined to the servicers; they are ultimately reflected in higher loan pricing, reduced servicing participation, or diminished credit availability for Maryland borrowers. Additional procedural requirements may also delay the release of insurance proceeds following casualty events, slowing property repairs and potentially harming property values and neighborhood stability.

THESE IMPACTS FALL MOST HEAVILY ON FIRST-TIME BUYERS, MODERATE-INCOME HOUSEHOLDS, AND BORROWERS WITH LIMITED FINANCIAL RESERVES. Maryland's housing finance system depends on consistent regulatory alignment with federal standards and national servicing practices. HB1509, as currently written, disrupts that balance and introduces unnecessary risk into the servicing of Maryland mortgage loans.

For these reasons, the MMBBA urges an **UNFAVORABLE REPORT** on House Bill 1509.

Respectfully submitted,

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MMBBA Legislative Committee

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