



HB 523/SB 353
REAL PROPERTY – RESIDENTIAL FORECLOSURES – COMMENCEMENT RESTRICTIONS
February 3, 2026
POSITION: SUPPORT

The Pro Bono Resource Center of Maryland (PBRC), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for volunteer civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics. **PBRC supports HB 523/SB 353 because this legislation directly helps vulnerable homeowners who are under economic strain and who deserve basic fairness in foreclosure proceedings to avoid home loss and displacement.**

PBRC has a longstanding track record of engaging in foreclosure prevention work so we bear witness when a trend develops that is a threat to maintaining homeownership in our state. We are seeing such a trend now with sophisticated debt buyers coming forward to foreclose on our clients' very old second mortgages – long ago written off by the original lender but sold on to these debt buyers for pennies on the dollar - once the target homes have built up sufficient equity to make a big payday possible for these debt buyers. As a result, these clients and other affected homeowners across the state are facing an unexpected home ownership crisis just as they have finally reached a point where their homes are worth more than their mortgage.

The homeowners in this situation whom we have assisted at PBRC generally come to us thinking that they are the victim of a scam when they receive a collection letter and soon thereafter a notice of intent to foreclose and a court summons from the debt buyer. Our clients are right to be shocked and suspicious because they are inevitably current on their first mortgage, do not recognize this new secured party as an entity that they have ever loaned from, have not received monthly mortgage statements or any communication on the loan for many years, and were told by their past mortgage servicer and/or the bankruptcy court that the loan was charged off or discharged. Imagine finding yourself in that situation: facing a huge and sudden loan payoff demand from an unrecognized creditor with very little time to sort things out and with your longtime home at stake.

The homeowner protection proposed in HB 523/SB 353 is concise and sensible. It provides certainty to the parties to a mortgage that foreclosure would have to commence within 10 years of the claimed date of default. There would be no cost to the State of Maryland and virtually no impact on secured parties who are foreclosing on loans that are less than 10 years delinquent except an equitable information requirement for speculative buyers of long-dormant debt.

For the above reasons,

PBRC urges a FAVORABLE report on HB 523/SB 353.

Please contact Allison Harris, Director of PBRC's Home Preservation Project, with any questions.
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