



February 25, 2025

Honorable Pamela Beidle
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Honorable Pam Queen
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Dear Senator Beidle and Delegate Queen,

The Maryland Mortgage Bankers and Brokers Association (MMBBA), the Mortgage Bankers Association of Metropolitan Washington DC, and the national Mortgage Bankers Association (MBA) wish to express our thanks with respect to your introduction of companion bills SB1026 and HB1516, *the Maryland Secondary Market Stability Act of 2025*. Our organizations fully support your legislation, which is also supported by the Maryland Office of Financial Regulation (OFR), because it is essential to restoring normal access to affordable home mortgage credit in the state.

The bills are necessary to address the unintended consequences of guidance¹ and emergency regulations² issued on January 10, 2025 by OFR to implement a 2024 ruling of the Maryland Appellate Court in the case, *Brown v. Ward*.³ In that ruling, the Court required the licensing of all parties who acquire or are assigned Maryland mortgage loans. OFR's regulation and guidance explicitly noted that this includes "mortgage trusts, including passive trusts," unless expressly exempted. Because trusts are often passive legal vehicles that merely facilitate access to liquidity and also have no consumer contact, the sudden requirement that they be licensed has caused several purchasers of Maryland mortgage loans to quickly announce that they will either raise costs for Maryland loans or cease their purchases. Your legislation would create the necessary exemptions for trusts under the law to restore normal credit access to Maryland consumers.

It is important to state that your legislation is already having an important and positive impact. Initially OFR set April 10, 2025, as the start date for enforcement of trust licensing. The Department's purpose was to allow the Legislature time to respond to the new requirements and the swift market reaction. On February 18, 2025, following introduction of SB1026 and HB1516,

¹ <https://www.labor.maryland.gov/finance/advisories/advisory-ind-licensingreqsmorttrustsemereg25.pdf>

² https://dsd.maryland.gov/MDRIssues/5201/Assembled.aspx#_Toc187062312

³ <https://www.courts.state.md.us/data/opinions/cosa/2024/1009s23.pdf>

Support for the Maryland Secondary Market Stability Act of 2025

February 25, 2025

Page 2 of 2

OFR further extended the compliance date to July 6, 2025, and expressed its hope “to ensure the continued availability of mortgage loans for Maryland consumers.”⁴

The discussion of trust licensing often understates the broad scope of the vast regulatory framework under which our member companies operate. All mortgage bank and nonbank lenders and servicers are robustly supervised and subject to all applicable federal and Maryland statutes and regulations. In addition, nonbank mortgage lenders and servicers operating in the state are subject to state and federal consumer protection rules, OFR licensing, supervision, and examination, and each of their mortgage loan originators must also be licensed – and annually renew that license – before they may work with a consumer. Additionally, the Federal Housing Administration, Ginnie Mae, the Veterans Administration, the government-sponsored enterprises (Fannie Mae and Freddie Mac), and warehouse lenders all exercise regulator counterparty oversight, establish minimum financial standards, and require regular financial reporting.

Another important element of your bills is the creation of a one-year study commission consisting of a wide variety of stakeholders to review this issue and make any recommendations to the Legislature before December 31, 2025. This group’s work will provide opportunities for all views to be considered.

Again, thank you for your leadership in introducing this legislation, and know that our organizations support swift passage and enactment in order to help restore maximum access to affordable more credit for Maryland borrowers. We also wish to thank the leadership of Governor Wes Moore’s administration for its swift and supportive efforts.

If you have any questions or need any information, please contact Dennis F. Rasmussen, Advocate for the MMBBA, at dfr@rasmussengrp.net.

⁴ <https://labor.maryland.gov/finance/advisories/advisory-ind-mdsecondarymarket25.pdf>