
To: Judicial Proceedings (Senate)

From: Legislative Committee of the Real Property Section Counsel

Date: February 19, 2024 [Hearing Date February 20, 2024]

Subject: **SB 671 – Foreclosure Proceedings - Residential Mortgagors and Grantors - Access to Counsel**

Position: **Opposed**

The Real Property Section Counsel of the Maryland State Bar Association (MSBA) **opposes Senate Bill 671 – Foreclosure Proceedings - Residential Mortgagors and Grantors - Access to Counsel** to the extent that it seeks to fund the provisions of the bill on the back of all sales of residential real property in Maryland (i.e., against consumers who are paying their mortgage and those that are not).

While providing access to counsel in residential foreclosure proceedings may be commendable, we believe that the funding for such a program should be borne by the citizens of the state as a whole and not simply residential property owners who seek to sell their property.

Thus, section 10-714 (i.e., lines 10 – 20 on page 7) should be stricken in its entirety. To wit:

~~10-714.~~

~~(A) — THE COMPTROLLER SHALL COLLECT A FEE ON EACH RESIDENTIAL PROPERTY SALE AS FOLLOWS:~~

- ~~(1) \$25 ON A SALE OF LESS THAN \$200,000;~~
- ~~(2) \$50 ON A SALE OF AT LEAST \$200,000 BUT LESS THAN \$350,000;~~
- ~~(3) \$100 ON A SALE OF AT LEAST \$350,000 BUT LESS THAN \$500,000;~~

~~AND~~

- ~~(4) \$250 ON A SALE OF \$500,000 OR MORE.~~

~~(B) FEES COLLECTED UNDER THIS SECTION SHALL BE PAID TO THE ACCESS TO COUNSEL IN FORECLOSURE PROCEEDINGS SPECIAL FUND ESTABLISHED UNDER § 7-3A-08 OF THIS ARTICLE.~~

According to the Baltimore Sun, “Transfer taxes in Md. are fifth-highest in U.S., study finds”.
<https://www.baltimoresun.com/2003/01/19/transfer-taxes-in-md-are-fifth-highest-in-us-study-finds/>

The cost to transfer real property in Maryland is already exceptionally high. This bill seeks to make selling and buying real property in Maryland even worse for consumers.

According to SDAT, in 2023 the median sales price of improved residential property was \$410,000 and there were 63,572 transactions.

<https://dat.maryland.gov/Documents/statistics/FY2023-RSBQ-Q4.pdf>

And 2023 was one of the worst years in terms of number of transactions in many, many years (and if one accounts for population growth, it was probably the worst ever). Thus, if this bill was in effect in 2023 it would have raised \$6,357,200 *in a single year* at a time when foreclosure activity is at historic lows.

<https://dhcd.maryland.gov/Documents/ForeclosureRpts/ForeclosureMD-23Q1.pdf>

In addition, the funding mechanism provides no accountability; just an ever growing fund.

For these reasons, the Real Property Section Counsel of the MSBA **opposes SB 671 to the extent that it seeks funding from the sale of residential real property and asks for that portion of the bill to be stricken.** Thank you for your consideration.