

MAINE BANKERS

Association

March 5, 2025

Testimony to the 132nd Maine Legislature Committee on Health Coverage, Insurance, and Financial Services

Good afternoon, Senator Bailey, Representative Mathieson, and honorable members of the Committee. My name is Josh Steirman and I am here on behalf of the Maine Bankers Association. We are the trade association representing 34 retail banks operating across the State of Maine, with over 9,000 employees in virtually every community state-wide. Last year our banks provided over \$2.5 billion in residential real estate loans, and over \$3.2 billion in small business loans. Banks are deeply embedded in their communities: last year, bankers volunteered over 145,000 hours, and donated over \$18 million to charitable causes. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

Today we are testifying regarding L.D. 381, *An Act to Enable Mortgage Portability and Promote Housing Affordability in the State*. We respectfully oppose the bill.

We recognize concerns about housing affordability across Maine, and we understand that mortgage porting may be a helpful tool in certain circumstances. It is also important to highlight that the prevalence of mortgage porting in other countries is a reflection of significant differences in financial services markets elsewhere. For example, Canada and the United Kingdom have significantly less financial institutions and therefore notably less competition, limiting consumer choice. Additionally, those countries often include pre-payment penalties in residential loans; this feature is almost never utilized in the USA.

Additionally, we are concerned that the language as drafted might permit the borrower to initiate what is effectively a one-sided revision of a legal contract, without the consent of the other party. The bill might be improved if it clarified that lenders must clearly consent to the transaction. With clarification that lender and borrower must both agree to the mortgage porting transaction, mortgage porting may be a useful tool in certain situations where all parties agree to modifications.

Finally, we are concerned that this bill would harm consumers by decreasing the availability of residential mortgage loans. Approximately half of home loans are sold into secondary markets, often purchased by FNMA or FHMC (aka, Fannie and Freddie). These loans must meet firm underwriting standards, and the prospect of mortgage porting would likely make these loans in Maine ineligible for secondary markets. If lenders no longer have secondary market options, ultimately consumers will have less choice. We are deeply concerned about unintended consequences which would put Maine outside of national standards and decrease access to homebuying for Maine people.

I thank the Committee for its consideration and am happy to answer any questions.

Respectfully Submitted,
Joshua Steirman
Director of Government Relations