



Maine Credit Union League

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Neither For Nor Against

LD 381: An Act to Enable Mortgage Portability and Promote Housing Affordability in the State

Committee on Health Coverage, Insurance and Financial Services
March 5, 2025

Good Afternoon, Senator Bailey, Representative Mathieson, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services,

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 48 credit unions and over 750,000 members statewide. We respectfully submit the following testimony **neither for nor against LD 381**.

The housing crisis in Maine is real and acute. We believe the solution to increasing housing availability is to build more, not to change the mortgage system for existing homes. LD 381 would enable mortgage portability, meaning someone could take the mortgage (and interest rate) with them to a new property. We understand that the desire for a portable mortgage may be to increase flexibility in a housing market that has seen people put off moving due to the historically low interest rates of the recent past. However, we do not feel that mortgage portability is something that is necessary in this market.

Mortgage portability is primarily offered in Europe and Canada, where pre-payment fees prevent homeowners from being able to move without incurring a significant financial penalty. Consumers in Maine usually can pay off their mortgages early without incurring any additional cost. Additionally, in other countries mortgages are listed as portable from the outset. Thus, portability would not apply to all the low-interest loans currently "freezing" the housing market.

Many of the most affordable mortgages in Maine are tied to federal programs, either through Fannie Mae and Freddie Mac, or through rural loans or VA loans. A mortgage could not meet those requirements and be portable. Additionally, a portable mortgage would not be able to be sold on the secondary market. The Federal Housing Finance Agency (FHFA) has said that portable mortgages are not being considered. Thus, there would be very little incentive for lenders to offer a portable mortgage, and little reason for consumers to need one given the rarity of pre-payment penalties.

However, as long as lenders are not required to offer portable loans, we do not object to this additional tool. If the committee chooses to move forward with this, we would encourage additional research on efficacy, as well as how default on a portable mortgage would impact foreclosure. We thank the committee for hearing our testimony.

References

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