



**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION
INDUSTRY ADVISORY
REGULATORY ALERT**



February 18, 2025

**Maryland Secondary Market Stability Act of 2025
and Extension of Enforcement Deadline**

The Maryland Office of Financial Regulation (OFR) issues this alert as a follow-up to the [guidance](#) issued on January 10, 2025, and February 5, 2025, and announcement of the introduction of emergency legislation to exempt passive mortgage and installment loan assignees from licensing requirements.

The recent decision in *Estate of Brown v. Ward*, 261 Md. App. 385 (2024), established that persons, including passive trusts, holding mortgage loans must obtain a Maryland mortgage lender license unless exempt under the Maryland Mortgage Lender Law. In response to the decision and outreach from relevant industry representatives, OFR engaged with the mortgage industry throughout the summer and fall of 2024, subsequently publishing guidance alongside Emergency and Proposed Regulations on January 10, 2025. These regulatory actions provided information to ease compliance for those covered by the Court's holding and also heightened industry awareness regarding licensing requirements for mortgage trusts and other entities involved in covered activities.

Following this increased awareness, industry stakeholders have expressed concerns that the licensing requirements create unique challenges for passive trusts and the role they serve by providing liquidity to the mortgage market. Some industry members have responded by suspending mortgage operations in Maryland, with others indicating they may follow.

To address these concerns and ensure that Maryland consumers continue to enjoy the advantages of a competitive mortgage market, OFR has collaborated with industry representatives to develop proposed legislation, the *Maryland Secondary Market Stability Act of 2025* ([Senate Bill 1026/House Bill 1516](#)). This legislation is designed to provide a licensing exemption from Maryland's licensing requirements for entities that acquire mortgage and installment loans by assignment but do not originate, service, or collect these loans on their own behalf. OFR strongly supports the passage of this bill to ensure the continued availability of mortgage loans for Maryland consumers.

The bills, as drafted, would take effect immediately upon enactment. OFR is extending the enforcement [deadline](#) from April 10, 2025, to July 6, 2025 (90 days after the end of the General Assembly's 2025 session). OFR believes that affected entities should be granted the opportunity to ascertain the outcome of the legislative action before engaging in the licensing process and incurring potential associated costs.

Finally, OFR clarifies that commercial lenders making loans exclusively for business purposes under Maryland's installment loan statutes, as defined by Md. Code Ann., Fin. Inst. § 11-301, are not subject to OFR's licensing requirements under mortgage lending and installment licensing provisions.

OFR will continue to monitor this issue and provide further updates as necessary.

Contact

For any questions regarding this advisory, please contact Clifford Charland, Director of Operations – Financial Services Licensing and Supervision, by phone at 410-230-6167 or by e-mail at clifford.charland@maryland.gov. For questions regarding the application process or the qualifications for licensure, please contact Arlene Williams, Director of Licensing, by phone at 410-230-6068 or by email at arlenef.williams@maryland.gov. For assistance with the use of the Nationwide Multistate Licensing System (NMLS) when applying for licensure, please contact the NMLS Call Center at 1-855-665-7123; the call center is open Monday - Friday from 9:00AM to 9:00PM Eastern Time. Please note that OFR staff are not able to provide assistance with the use of the NMLS.

The Office of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



[Click here to subscribe to emails from the Office of Financial Regulation.](#)

Please save "md-dllr-ocfr@info.maryland.gov" in your email contacts to help prevent Office communications from being blocked by your email provider's security features.