



Maryland Consumer Rights Coalition

Testimony to the Senate Finance Committee
SB 621 - Maryland Mortgage Lender Law - Considerations of a Mortgage Servicer - Borrower's Ability to Repay
Position: Favorable

March 10, 2020

The Honorable Delores Kelley, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of SB 621, which would prohibit a mortgage servicer from making a mortgage loan or modifying a mortgage loan without giving due regard to the borrower's ability to repay the mortgage loan.

MCRC works to increase protections for Maryland consumers and increase financial stability. Owning a home is one of the leading determinants of financial security, but is also a leading cause of debt. American household debt has exceeded \$14 trillion for the first time this year with mortgage debt at more than \$9.5 trillion alone. In Maryland, the average mortgage debt is \$252,583 making Maryland one of the states with the highest mortgage debt.

This bill's requirement of lenders to determine whether or not a consumer has the ability to repay a mortgage loan without hardship or re-borrowing is a principle of basic underwriting. This stipulation would help prevent consumers from incurring greater debt in an attempt to mitigate their mortgage debt. Extending the ability to repay requirements to Maryland lenders, including nonbank mortgage loan servicers, adds greater protections for consumers by lowering the chance of re-borrowing, delinquency, default, and bankruptcy.

For these reasons, we urge a favorable report.



Maryland Consumer Rights Coalition

Best,

Marceline White
Executive Director