



House Bill 392 – Financial Institutions - Maryland Community Reinvestment Act

Position: Oppose

Maryland REALTORS® respectfully opposes HB 392, which would require independent mortgage lenders to meet the same community reinvestment standards as depository banks.

The federal Community Reinvestment Act requires banks which accept deposits from a community to reinvest those funds back into that community. But unlike traditional banks, independent mortgage banks do not accept deposits. They are essentially facilitators of making mortgage credit available to local borrowers from the global financial market.

Independent mortgage lenders routinely make more mortgage loans to low-income and minority borrowers than conventional banks. REALTORS® are concerned that imposing additional requirements on these institutions will actually lessen investment in these communities, rather than increase it. Because this would be a state, rather than national standard, these lenders could pull back their lending activities in Maryland in favor of states which do not impose these requirements.

Maryland REALTORS® recommend an unfavorable report on HB 392.

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