



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony - Request for Favorable Recommendation

Greetings Chair C.T. Wilson, Vice Chair Brian Crosby, and members of the Economic Matters Committee,

The Consumer Financial Protection Bureau (CFPB) ability-to-repay/qualified mortgage rule requires creditors to make reasonable, good faith determination of a consumer's ability to repay a residential mortgage loan. By granting this exception, CFPB acknowledges that the opportunity of homeownership should be available to those who can demonstrate a high likelihood of repayment despite being unable to conform with all the traditional standards of the ability-to-repay regulation.

The intent of this exemption is to allow community-based lenders and programs to offer flexible underwriting for their affordable mortgage products including grant programs that cover closing costs, certain down payment assistance, or loans with higher debt-to-income ratios which would make the dream of homeownership a reality for more Marylanders.

HB223– Commercial Law - Mortgage Loans - Verification of Ability to Repay will exempt mortgage loans made by Maryland Community Development Financial Institutions (CDFIs) from certain requirements to verify a borrower's ability to repay the loan, as outlined by the CFPB. CDFIs are community based financial institutions that are dedicated to promoting economic development by providing financial services to communities historically underserved by traditional financial institutions. As of 2023, there are 13 CDFIs headquartered in Maryland. This bill would improve the competitiveness of Maryland CDFIs, especially because federally chartered financial institutions already operate under this exemption.

This bill is consistent with prior legislation enacted to promote homeownership in Maryland. Last session, this bill was introduced by Delegate Kipke as HB400 and passed out of the House, but not the Senate. I again seek a favorable recommendation from this committee.

Cordially,

A handwritten signature in cursive script, appearing to read "Pamela E. Queen".