

Chapter 426

**(House Bill 1213)**

AN ACT concerning

**Financial Institutions – Determination of Creditworthiness – Evaluation Rules  
and Alternative Methods**

FOR the purpose of requiring certain credit grantors to adhere to certain rules concerning evaluations of applications and, under certain circumstances, consider alternative methods of evaluating an applicant’s creditworthiness when ~~determining whether to accept~~ evaluating an application for a primary residential mortgage loan or an extension of credit; providing for the application of this Act; defining certain terms; and generally relating to the determination of creditworthiness by credit grantors in the State.

BY repealing and reenacting, without amendments,  
Article – Financial Institutions  
Section 1–101(a) and (d)  
Annotated Code of Maryland  
(2020 Replacement Volume and 2020 Supplement)

BY adding to  
Article – Financial Institutions  
Section 1–212  
Annotated Code of Maryland  
(2020 Replacement Volume and 2020 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Financial Institutions**

1–101.

(a) In this article, unless the context clearly requires otherwise, the following words have the meanings indicated.

(d) “Banking institution” means an institution that is incorporated under the laws of this State as a State bank, trust company, or savings bank.

**1–212.**

**(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(2) “CREDIT UNION” HAS THE MEANING STATED IN § 6-101 OF THIS ARTICLE.

(3) “SAVINGS AND LOAN ASSOCIATION” HAS THE MEANING STATED IN § 8-101 OF THIS ARTICLE.

(B) THIS SECTION APPLIES ONLY TO:

(1) A BANKING INSTITUTION;

(2) A CREDIT UNION;

(3) A SAVINGS AND LOAN ASSOCIATION; ~~AND~~

(4) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION; AND

~~(4)~~ (5) A CREDIT GRANTOR REGULATED UNDER TITLE 11 OF THIS ARTICLE.

(C) WHEN ~~DETERMINING WHETHER TO ACCEPT~~ EVALUATING AN APPLICATION FOR A PRIMARY RESIDENTIAL MORTGAGE LOAN OR AN EXTENSION OF CREDIT, AN ENTITY SUBJECT TO THIS SECTION SHALL ~~CONSIDER ALTERNATIVE METHODS OF EVALUATING THE CREDITWORTHINESS OF AN APPLICANT, INCLUDING THE APPLICANT’S:~~

(1) ADHERE TO THE RULES CONCERNING EVALUATIONS OF APPLICATIONS ESTABLISHED UNDER 12 C.F.R. § 1002.6, INCLUDING CONSIDERATION OF THE FOLLOWING VERIFIABLE ALTERNATIVE INDICATIONS OF CREDITWORTHINESS PRESENTED OR MADE AVAILABLE TO THE ENTITY BY THE APPLICANT:

(I) HISTORY OF RENT OR MORTGAGE PAYMENTS;

~~(2)~~ (II) HISTORY OF UTILITY PAYMENTS;

~~(3)~~ (III) SCHOOL ATTENDANCE; AND

~~(4)~~ (IV) WORK ATTENDANCE; AND

(2) IF THE APPLICANT REQUESTS, CONSIDER OTHER VERIFIABLE ALTERNATIVE INDICATIONS OF CREDITWORTHINESS PRESENTED OR MADE AVAILABLE TO THE ENTITY BY THE APPLICANT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.**