By: Senator Kagan
Introduced and read first time: February 7, 2022
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 Domestic Violence Survivor Resilience Loan Program and Guarantee Fund

3 FOR the purpose of requiring a financial institution to establish a process to classify a loan
4 issued to a participant in the Domestic Violence Survivor Resilience Loan Program
5 as a domestic violence survivor resilience loan; requiring a financial institution that
6 employs loan officers to implement a training program on the dynamics of domestic
7 violence and financial abuse incorporating training materials developed by the Office
8 of the Commission of Financial Regulation; establishing the Domestic Violence
9 Survivor Resilience Loan Program within the Office of the Secretary of State to
10 establish eligibility for a domestic violence survivor resilience loan and provide loan
11 guarantees; establishing the Domestic Violence Survivor Resilience Loan Guarantee
12 Fund as a special, nonlapse fund to guarantee a domestic violence survivor
13 resilience loan for up to a certain amount; requiring interest earnings of the Fund to
14 be credited to the Fund; and generally relating to the Domestic Violence Survivor
15 Resilience Loan Program and Guarantee Fund.

16 BY adding to
17 Article – Financial Institutions
18 Section 1–501 through 1–504 to be under the new subtitle “Subtitle 5. Domestic
19 Violence Survivor Resilience Loans”
20 Annotated Code of Maryland
21 (2020 Replacement Volume and 2021 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – State Finance and Procurement
24 Section 6–226(a)(2)(i)
25 Annotated Code of Maryland
26 (2021 Replacement Volume)

27 BY repealing and reenacting, with amendments,
28 Article – State Finance and Procurement

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
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Section 6–226(a)(2)(ii)144. and 145.
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)146.
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – State Government
Section 7–401 through 7–410 to be under the new subtitle “Subtitle 4. Domestic Violence Survivor Resilience Loan Program and Guarantee Fund”
Annotated Code of Maryland
(2021 Replacement Volume)

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

Article – Financial Institutions

SUBTITLE 5. DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOANS.

1–501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “DOMESTIC VIOLENCE” HAS THE MEANING STATED IN § 7–401 OF THE STATE GOVERNMENT ARTICLE.

(C) “DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN” MEANS A LOAN ISSUED SUBJECT TO THE REQUIREMENTS OF THIS SUBTITLE.

(D) “FUND” MEANS THE DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN GUARANTEE FUND UNDER TITLE 7, SUBTITLE 4 OF THE STATE GOVERNMENT ARTICLE.

(E) “PROGRAM” MEANS THE DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN PROGRAM UNDER TITLE 7, SUBTITLE 4 OF THE STATE GOVERNMENT ARTICLE.

(F) “PROGRAM PARTICIPANT” HAS THE MEANING STATED IN § 7–401 OF THE STATE GOVERNMENT ARTICLE.
1 1–502.

2 (A) A financial institution shall establish a process to classify
3 a loan issued to a program participant as a domestic violence survivor
4 resilience loan.

5 (B) (1) Subject to the underwriting requirements of the
6 financial institution and regulations adopted by the Commissioner, a
7 program participant may apply for a domestic violence survivor
8 resilience loan.

9 (2) A financial institution shall verify an individual’s
10 status as a program participant with the Secretary of State.

11 (3) When evaluating an application for a domestic violence
12 survivor resilience loan, a financial institution shall:

13 (I) Evaluate the application in a holistic fashion; and

14 (II) Without requiring a program participant to
disclose information about the program participant’s personal
history with domestic violence, generally consider:

15 1. The dynamics of domestic violence and
16 financial abuse; and

17 2. The impact of domestic violence on the
18 financial qualifications of loan applicants, including the impact on
19 credit and employment history.

20 (C) The rate of interest that may be charged to a program
21 participant may not exceed 2% above the average interest rate for the
22 type of loan applied for at the time of application.

23 (D) On or after July 1, 2023, a financial institution that issues a
24 domestic violence survivor resilience loan to a program participant
25 may apply to the Domestic Violence Survivor Resilience Fund for a
26 loan guarantee.

29 1–503.

30 (A) (1) The Commissioner shall develop training materials for
FINANCIAL INSTITUTIONS ON THE DYNAMICS OF DOMESTIC VIOLENCE AND
FINANCIAL ABUSE.

(2) THE TRAINING MATERIALS DEVELOPED UNDER THIS SUBSECTION
SHALL INCLUDE INFORMATION ON THE IMPACTS OF DOMESTIC VIOLENCE ON AN
INDIVIDUAL’S EMPLOYMENT AND CREDIT HISTORY.

(B) A FINANCIAL INSTITUTION THAT EMPLOYS LOAN OFFICERS SHALL
IMPLEMENT A TRAINING PROGRAM FOR LOAN OFFICERS ON THE DYNAMICS OF
DOMESTIC VIOLENCE AND FINANCIAL ABUSE, INCORPORATING THE TRAINING
MATERIALS DEVELOPED BY THE COMMISSIONER.

THE COMMISSIONER, IN COORDINATION WITH THE SECRETARY OF STATE,
SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless
inconsistent with a federal law, grant agreement, or other federal requirement or with the
terms of a gift or settlement agreement, net interest on all State money allocated by the
State Treasurer under this section to special funds or accounts, and otherwise entitled to
receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply
to the following funds:

144. the Health Equity Resource Community Reserve Fund;

[and]

145. the Access to Counsel in Evictions Special Fund; AND

146. THE DOMESTIC VIOLENCE SURVIVOR RESILIENCE
LOAN GUARANTEE FUND.

Article – State Government

SUBTITLE 4. DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN PROGRAM AND
GUARANTEE FUND.

7–401.
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(A) In this subtitle the following words have the meanings indicated.

(B) “Domestic violence” means a pattern of behavior involving the use or attempted use of physical, sexual, verbal, psychological, emotional, economic, financial, or technological abuse or any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim by an individual who:

(1) is a current or former spouse or dating partner of the victim, or another individual similarly situated to a spouse of the victim;

(2) is cohabitating with or has cohabitated with the victim as a spouse or dating partner;

(3) shares a child in common with the victim;

(4) is an adult family member of, or a paid or nonpaid caregiver in an ongoing relationship of trust with, a victim at least 50 years old or an adult victim with disabilities; or

(5) commits acts against a youth or adult victim who is protected from those acts under any family or domestic violence law.

(C) “Fund” means the Domestic Violence Survivor Resilience Loan Guarantee Fund.

(D) “Program” means the Domestic Violence Survivor Resilience Loan Program.

(E) “Program participant” means an individual designated as a program participant under this subtitle.

7–402.

The purpose of the Program is to:

(1) establish an individual’s eligibility to apply for a loan issued by a financial institution under Title 1, Subtitle 5 of the Financial Institutions Article; and
(2) PROVIDE LOAN GUARANTEES.

7–403.

THE SECRETARY OF STATE SHALL ESTABLISH AND ADMINISTER THE DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN PROGRAM FOR SURVIVORS OF DOMESTIC VIOLENCE.

7–404.

(A) ON OR AFTER JULY 1, 2023, AN INDIVIDUAL MAY APPLY TO PARTICIPATE IN THE PROGRAM.

(B) AN APPLICATION TO PARTICIPATE IN THE PROGRAM SHALL BE IN THE FORM REQUIRED BY THE SECRETARY OF STATE AND SHALL CONTAIN:

(1) A STATEMENT THAT:

(I) THE APPLICANT IS A SURVIVOR OF DOMESTIC VIOLENCE;

AND

(II) THE APPLICANT HAS STRUGGLED TO ACHIEVE FINANCIAL SECURITY;

(2) EVIDENCE THAT THE APPLICANT IS ELIGIBLE FOR PROGRAM PARTICIPATION, INCLUDING:

(I) CERTIFIED LAW ENFORCEMENT, COURT, OR OTHER FEDERAL OR STATE AGENCY RECORDS OR FILES;

(II) DOCUMENTATION FROM A DOMESTIC VIOLENCE PREVENTION OR ASSISTANCE PROGRAM;

(III) DOCUMENTATION FROM A RELIGIOUS, MEDICAL, OR OTHER PROFESSIONAL FROM WHOM THE APPLICANT HAS SOUGHT ASSISTANCE OR TREATMENT AS A SURVIVOR OF DOMESTIC VIOLENCE; OR

(IV) A STATEMENT FROM THE APPLICANT ABOUT THE APPLICANT’S EXPERIENCE WITH DOMESTIC VIOLENCE;

(3) A STATEMENT ABOUT THE DIFFICULTIES THE APPLICANT HAS FACED IN ACHIEVING FINANCIAL STABILITY;
(4) The mailing address, e-mail address, and telephone number where the applicant may be contacted by the Secretary of State;

(5) A sworn statement by the applicant that, to the best of the applicant's knowledge, all the information contained in the application is true;

(6) The signature of the applicant and the date when the applicant signed the application;

(7) A voluntary release and waiver of all future claims against the State that may arise from participation in the Program except for a claim based on gross negligence; and

(8) Any other relevant information that the Secretary may require.

(C) On the filing of a properly completed application and release, the Secretary of State shall:

(1) review the application and release; and

(2) if the application and release are properly completed and accurate, designate the applicant as a Program participant.

7–405.

(A) If an applicant falsely attests to any information in the application or knowingly provides false information when applying for participation in the Program, the applicant shall no longer be allowed to participate in the Program.

(B) A person may not knowingly make a false attestation or knowingly provide false information in an application.

(C) A person who violates subsection (B) of this section is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding 6 months or a fine not exceeding $500 or both.

7–406.

(A) Once an application is approved, a Program participant may
CONTACT A FINANCIAL INSTITUTION TO APPLY FOR A LOAN UNDER TITLE 1, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE.

(B) THE SECRETARY OF STATE SHALL PROVIDE A PROGRAM PARTICIPANT WITH THE OPPORTUNITY TO PARTICIPATE IN FINANCIAL LITERACY PROGRAMMING.

7–407.

(A) A FINANCIAL INSTITUTION THAT IS SEEKING TO ISSUE A LOAN TO A PROGRAM PARTICIPANT UNDER TITLE 1, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE MAY APPLY TO THE SECRETARY OF STATE FOR A LOAN GUARANTEE.

(B) SUBJECT TO THE AVAILABILITY OF FUNDS, THE SECRETARY OF STATE MAY ISSUE A LOAN GUARANTEE TO A FINANCIAL INSTITUTION ON BEHALF OF A PROGRAM PARTICIPANT IF THE FINANCIAL INSTITUTION COMPLIES WITH THE REQUIREMENTS OF TITLE 1, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE.

(C) A LOAN GUARANTEE UNDER THIS SUBTITLE MAY NOT EXCEED $15,000 TO A SINGLE PROGRAM PARTICIPANT.

7–408.

(A) THERE IS A DOMESTIC VIOLENCE SURVIVOR RESILIENCE LOAN GUARANTEE FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE LOAN GUARANTEES FOR PROGRAM PARTICIPANTS WHO APPLY FOR AND RECEIVE LOANS UNDER TITLE 1, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE.

(C) THE SECRETARY OF STATE SHALL ADMINISTER THE FUND.

(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO §7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(E) THE FUND CONSISTS OF:

(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;
(2) INTEREST EARNINGS; AND

(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) THE FUND MAY BE USED ONLY TO:

(1) PROVIDE GUARANTEES FOR LOANS ISSUED UNDER TITLE 1, SUBTITLE 5 OF THE FINANCIAL INSTITUTIONS ARTICLE; AND

(2) ADMINISTER THE FUND.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNING OF THE FUND SHALL BE CREDITED TO THE FUND.

(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

7–409.

IN FISCAL YEAR 2024, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF $2,000,000 TO THE FUND.

7–410.

THE SECRETARY OF STATE, IN COORDINATION WITH THE COMMISSIONER OF FINANCIAL REGULATION, SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022.