



HB 58 – Workgroup on Minority Homeownership, Neighborhood Revitalization, and Household Wealth Equity

**House Environment and Transportation Committee
February 9, 2021**

Support

The Maryland Bankers Association represents FDIC-insured community, regional and nation-wide banks that employ more than 26,000 Marylanders and hold more than \$182 billion in deposits in over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking and more.

House Bill 58 would establish the Workgroup on Minority Homeownership, Neighborhood Revitalization, and Household Wealth Equity. The Workgroup is charged with studying ten areas including: the availability of unoccupied housing stock in the State; the barriers to homeownership; the processes for tax sales and foreclosures; the impact of homeownership on neighborhood revitalization and the building of generational wealth; and recommendations to promote homeownership and create wealth-building opportunities for minority households and promote community revitalization through targeted investments in homeownership.

The success of a bank is inherently linked to the success of its clients and communities. The issues to be studied by the Workgroup are significant for the Maryland banking industry. MBA and MBA's member banks have been actively involved in a variety of ways working with a number of stakeholders, including nonprofits, local and state governmental entities and organizations, Community Development Financial Institutions, business groups and more to address related concerns and work together to find solutions.

Maryland banks stand by their clients and communities and are committed to serving as a source of strength and stability, especially during times of need, such as the pandemic. Over the past year, MBA member banks, serving as economic first responders, immediately jumped into action to respond to the needs of homeowners, small businesses, customers and communities.

Banks are in the business of lending and are lending and working with their customers and business clients to meet their current and developing needs. For example, in round one of the federal Paycheck Protection Program, a brand new small business grant program created by the Federal CARES package, Maryland banks immediately rolled up their sleeves to work round the clock with the Small Business Administration, Treasury and Maryland small businesses. The result – by August 8, small businesses and nonprofits, across Maryland, received over 86,000 forgivable loans totaling more than \$10 billion. Maryland banks deployed almost 90% of the PPP loans. These loans helped support more than 950,000 in Maryland and helped sustain the State's businesses and nonprofits.

And this support and commitment from Maryland banks remains strong. In the first two weeks of PPP round two, 14,645 PPP round two loans have been made in Maryland worth \$1.45 billion. This is just one example of the ways Maryland banks are working to support small businesses, help the economy and support Maryland jobs and employment.

Maryland banks are also hard at work helping MD homeowners experiencing financial difficulty. Routinely provide customized help to fit specific financial needs through:

- Skip a payment options;
- Loan payment deferrals or Forbearance – which provide longer term payment relief;
- Loan modifications and refinancing;
- Interest rate reductions and Fee waivers;
- Consultation; and more

At the federal level, the CARES Act relief – for federally backed loans (Fannie Mae, Freddie Mac, etc.) borrowers can request an initial forbearance period of up to 180 days, followed by another 180 days) for a total of 360 days of forbearance if they are experiencing financial hardship related to covid. Covers 75% of market.

At the State level, Governor Hogan’s December 17th EO extends CARES Forbearance to mortgages not covered by CARES – this is portfolio loans. As a result, lenders must now provide similar forbearance to these borrowers, if requested. So, in addition to the types of relief that was already being offered, this is another option for borrowers experiencing financial hardship.

Further, the Maryland banking industry is also deeply committed to our State’s communities and citizens. Banks support non-profits through financial contributions and volunteer service, with each bank officer dedicating more than 100 volunteer hours each year to community/charitable organizations.

These are just a few examples of the ways Maryland banks work to help support individuals, businesses, and communities. We look forward to working with the bill sponsor and the other stakeholders on these import issues and urge a favorable committee report.