

NICHOLAUS R. KIPKE  
Legislative District 31  
Anne Arundel County

Health and Government  
Operations Committee

*Subcommittees*

Government Operations and  
Health Facilities

Insurance and Pharmaceuticals

Rules and Executive  
Nominations Committee

Joint Committee on  
Legislative Ethics

Joint Committee on Cybersecurity,  
Information Technology,  
and Biotechnology



The Maryland House of Delegates  
6 Bladen Street, Room 165  
Annapolis, Maryland 21401  
410-841-3421 · 301-858-3421  
800-492-7122 Ext. 3421  
Nicholaus.Kipke@house.state.md.us

*The Maryland House of Delegates*  
ANNAPOLIS, MARYLAND 21401

**HB400** COMMERCIAL LAW – ABILITY TO REPAY VERIFICATION –  
EXEMPTION - Favorable

**House Bill 0400** exempts mortgage loans made by Community Development Financial Institutions (CDFIs) from certain requirements to verify a borrower's ability to repay the loan in the State of Maryland. Maryland does not have this same exemption for the simple reason that the law that enacted ability-to-repay and a needs test requirements were adopted in 2010 before the Federal Government weighed in later in 2013. There are 15 CFDIs in Maryland. CFDIs are exempt from Federal ability-to-repay regulations.

The Consumer Financial Protection Bureau (CFPB) is an agency of the U.S. Treasury Department that implements and enforces Federal consumer financial laws and ensures that markets for consumer financial products are fair, transparent, and competitive. The CFPB granted this exemption in 2013, acknowledging that many consumers not only deserve the opportunity of homeownership, but can also demonstrate a high likelihood of loan repayment, despite an inability to conform to traditional ability-to-repay and needs test standards. CFDIs also provide capital to the underserved communities from which many of these consumers reside. I have provided a copy of the summary of the CFDIs in Maryland, for your review and information.

HB0400 will provide the underserved communities of Maryland with the same tools to achieve the dream of homeownership that currently exists in 43 other states.

I do propose an amendment (copy provided to staff) to HB0400 that will include mortgages in Maryland made under the Commercial Law Article, Title 12 – Credit

Regulations, Subtitle 1 – Interest and Usury, which is where a majority of the first mortgages are originated.

I respectfully request a favorable report, with the amendment, on HB0400.