



HB 400 – Commercial Law - Ability to Repay Verification - Exemption

Committee: Senate Finance Committee

Date: March 22, 2023

Position: Support

The Maryland Bankers Association (MBA) **SUPPORTS** HB 400, which exempts community development financial institutions (CDFIs) from considering a borrower’s ability to repay a mortgage loan from consideration on whether to approve the loan. Granting this exemption will greatly increase access to capital for Marylanders who reside in underserved communities.

CDFIs specialize in providing low-interest loans, along with financial education and business coaching, to these communities in need. The Harbor Bank of Maryland’s Community Development Corporation is a certified CDFI in Baltimore and several other banking institutions partner with CDFIs to provide these services to Marylanders as well.

Under the Maryland Mortgage Lending Law, a mortgage lender is required to consider a borrower’s ability to repay the mortgage. With this existing statute in place, CDFIs may not be able to work with potential mortgagees to meet their goal of homeownership, which ultimately restricts credit flowing into communities that need it the most. HB 400 removes a barrier to homeownership and allows CDFIs to continue improving the lives of Marylanders who have traditionally not been given the resources needed to thrive.

Maryland banks recognize the importance of addressing racial and economic inequality and passing this legislation will help prioritize the needs of those harmed by systemic inequities. Accordingly, MBA urges a **FAVORABLE** report on HB 400.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 30,000 Marylanders and holding more than \$181 billion in deposits in over 1,000 branches across our State. The Maryland banking industry serves about 4 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.