



The Honorable C. T. Wilson
Chair of House Committee on Economic Matters

The Honorable Brian M. Crosby
Vice Chair of House Committee on Economic Matters

Maryland House of Delegates
House Office Building, Room 231
6 Bladen St., Annapolis, MD 21401

Re: Opposition Testimony to House Bill 254 – True Lender Act

Chair Wilson, Vice-Chair Crosby, and members of the committee,

My name is Tara Rider and I represent Cross River Bank, a New Jersey state chartered, FDIC insured financial institution that combines the regulatory compliance and framework of a bank with innovative and responsible technologies to bring underserved and underbanked consumers safe and affordable access to credit across the country. I am writing to discuss the detrimental effects that House Bill 254 would have on our institution's ability to continue to provide over five hundred thousand Maryland consumers with much needed access to credit at competitive rates well below our thirty percent rate cap in New Jersey. To further show the consumer profile of who we are serving in Maryland, our average consumer FICO score in the state is 659 with an average loan size of \$1,500 and our average interest rate in the state is 23%.

As a leader and pioneer in the bank-partnership model, Cross River, as the lender, ensures all of the marketing, customer service, and compliance aspects of the partnership are in line with the bank. As the lender, Cross River originates loans and hold loans or portions of the loans, even if they are sold to an investor. Selling loans to investors is common-place across the industry; it allows banks, large-and-small, to free up space on their balance sheets to continue to originate loans to serve additional consumers. For example, bank partnerships that engage in responsible and transparent lending practices help improve the salability of the loans' servicing rights and/or securitized loans on the secondary market. Loan servicers are more confident in loans that have a feasibility of repayment assessment done prior to origination. On the market, the loans are securitized and sold to secondary investors who in turn will have a greater confidence in purchasing an asset-backed security that has less risk due to due diligence of the partnership, thereby creating a safer investment.

At Cross River, our goal and that of our partners is to provide access to responsible credit to those who have been historically underserved or excluded by the traditional financial system, and to ensure that consumers seeking access to credit are able to avoid high interest or predatory options. There are many alternatives to solve for high interest lending that both industry and advocates are aligned on. For example, the Woodstock Institute, a consumer advocate has championed responsible lenders who lend at 36% and below and recently

highlighted the success of that rate cap and the predominant economic test for loans above 36%. We would love for the opportunity to work with the legislature on those fixes prior to this bill moving forward to ensure that consumers are able to access responsible options. We have successfully worked with states such as California, Illinois, and New Mexico on measures to protect consumers without limiting access to credit and would welcome the opportunity to collaborate with you in a similar fashion.

Please let me know if you would like to discuss any of our comments or concerns.

Thank you.

Tara Rider | Head of State Government Affairs

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