



**Hearing Before the Maryland House Economic Matters Committee  
HB0574: Small Business Truth in Lending Act**

**Testimony of Bonnie Crockett, VP& Director of Small Business Lending  
Baltimore Community Lending (BCL)**

February 20, 2024

Chairperson Delegate Wilson and distinguished Members of the Committee, thank you for this opportunity to appear before you. My name is Bonnie Crockett. I am Vice President & Director of Small Business Lending at Baltimore Community Lending (BCL). BCL is a nonprofit Community Development Financial Institution (CDFI) located in Baltimore City and serving the Baltimore-Towson-Columbia MSA. We are dedicated to delivering responsible, affordable small business and real estate development loans to help low-income, low-wealth, and other disinvested people and communities join the economic mainstream. BCL's Small Business division provides loans to startup and emerging small businesses that do not have the collateral or face other barriers to qualifying for traditional loan programs. Instead of requiring collateral, to mitigate risk, we require that all applicants complete our in-house small business training program. It is free, it is one-on-one, and we meet them where that are. At a minimum, we help them write a business plan, compile and understand business financials, and identify applicable licensing and regulatory requirements.

Unlike most other small business loan programs, BCL will refinance borrowers' existing, high interest loans, including Merchant Cash Advance (MCA) loans. Without required Truth-in-Lending disclosures, commercial lenders can advertise a reasonable rate of interest, but not disclose, for example, that interest is compounded daily, resulting in a much higher rate. A \$50,000 loan at 7% interest over 6 years when compounded daily, results in a 52.2% APR. Most borrowers can't get out from under that and find themselves struggling to repay their loans or even stay in business. And most of these small businesses were completely unaware of the actual cost of credit for their MCA loan when they entered into the loan agreement.