



**Testimony to the House Economic Matters Committee HB254: Commercial Law-Credit  
Regulation-Predatory Loan Prevention  
(True Lender Act)  
Position: Favorable**

January 23, 2023

The Honorable C.T. Wilson, Chair  
House Economic Matters Committee  
Room 231, House Office Building  
Annapolis, Maryland 21401  
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in strong support of HB254.

The Maryland General Assembly and this committee have consistently rejected high-cost, predatory consumer loans. In 2017, Maryland once again closed a loophole that would have left the door ajar for payday loans from out-of-state lenders. For more than four decades, Maryland has remained steadfast in its commitment to affordable, sustainable loans for its residents and consistently kept rate caps below 36% for small consumer loans.

Over that time period, a number of products have tried to skirt these affordable interest rate caps through a variety of products. Rent-a-bank schemes are one such product. Rent-a-bank schemes allow banks to charge, anywhere in the country, the interest rates allowed in their home states.

High-cost lenders will use these banks as a front to evade the reasonable rate caps set by Maryland and other states. Using this model, in recent years Elevate, Easy Pay, and American Finance have offered loans in Maryland with usurious rates ranging from 99%-189% via FinWise Bank and TAB bank.

HB254 builds on Maryland legislative history including legislative action in 2001, 2010, 2017 to close loopholes that bad actors have exploited. HB254 codifies the true lender doctrine, clarifies Maryland law and strengthens protections for hard working Maryland residents from high-cost loans.

For these reasons we support HB254 and urge a favorable report.

Best,

Marceline White  
Executive Director