

ROCKET Mortgage

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1050 Woodward Ave.
Detroit, MI 48226

February 22, 2024

Maryland House of Delegates
Attention: C.T. Wilson
Lowe House Office Building, Room 321
6 Bladen St., Annapolis, MD 214-1

Re: Proposed House Bill 1135 (2024) Favorable with Amendments

Dear Honorable C.T. Wilson:

Rocket Mortgage, LLC (“Rocket Mortgage”) appreciates the opportunity to provide initial feedback on proposed House Bill 1135 (2024), the Maryland Community Benefit Plan Act (the “Act”). The Act would require covered financial institutions, including non-bank Maryland-licensed mortgage lenders like Rocket Mortgage, to submit and obtain approval from the Maryland Commissioner of Financial Regulation (“Commissioner”) for an institution’s community benefit plan (“Plan”), which would detail how the institution will meet the needs of low- and moderate-income (“LMI”) and other underserved communities and populations in Maryland. While not expressly labeled as a community reinvestment act, the Act reflects a similar intent as other state community reinvestment acts modeled after the federal Community Reinvestment Act, and expands the reach of the Act beyond entities historically subject to state and federal community reinvestment act requirements by including additional financial institutions, such as Maryland-licensed mortgage lenders like Rocket Mortgage.

About Rocket Mortgage

Rocket Mortgage is a Detroit-based, national home mortgage lender and servicer enabling the American Dream of homeownership and financial freedom through its obsession with industry-leading, digital-driven client experience. For 2023, Rocket Mortgage was ranked #1 in overall customer satisfaction according to J.D. Power’s 2023 U.S. Mortgage Servicing Study and #2 in overall customer satisfaction in the Mortgage Origination Study in the same year. Rocket Companies (NYSE: RKT), Rocket Mortgage’s parent company, ranked #11 on Fortune’s list of the “100 Best Companies to Work For” in 2023 and has placed in the top third of the list for the last two decades.

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Rocket Mortgage's culture of "doing the right thing" is the backbone of who we are. This culture is carried through to our Fair Lending Program that memorializes our commitment to make and service residential mortgage loans on a fair and equitable basis. We share the State of Maryland's interest in helping meet the credit needs of individuals residing in LMI and other underserved neighborhoods and where access to safe and affordable financial services is lacking. Although Rocket Mortgage supports the Act's ultimate goal of responsibly increasing access to credit for underserved Maryland communities and populations, we question whether the proposed provisions of the Act would have the intended effect of strengthening and increasing financial access to underserved and LMI communities in the State of Maryland.

Under the proposed language, the Act would impose significantly burdensome requirements on non-depository lenders, such as Rocket Mortgage, who are already subject to extensive federal and state regulations and oversight, inclusive of fair lending requirements. Notably, the Act's language does not exempt or otherwise expressly contemplate different treatment for lenders currently meeting the credit needs of distressed or underserved communities or populations or otherwise consider an institution's historical level of lending activity in traditionally underserved or LMI communities in the State of Maryland. Rather, the Act appears to presume that every lender has deficient lending performance in underserved communities and populations by imposing an obligation for each covered institution to self-correct through developing, obtaining approval for, and maintaining a Plan. Without clearer language setting forth a resulting action for when a covered institution has met its obligation to serve the targeted communities under this Act and the related Plan, the Act practically requires corrective action in perpetuity and is not feasible long-term.

Further, Rocket Mortgage does not agree with requiring the Commissioner to approve the Plan with each license renewal period. This would create unnecessary costs on both the State of Maryland and financial institutions licensed to do business in Maryland. Rocket Mortgage respectfully suggests eliminating the requirement for an institution to receive regulatory approval for a proposed Plan by substituting that obligation with a requirement that an institution must correct a Plan that does not pass discretionary review by the Commissioner.

Rocket Mortgage is also concerned with imposing the requirement that a financial institution must consider and incorporate feedback from third-parties into the institution's Plan. Third-parties are not privy to the critical business knowledge necessary to make decisions related to an institution's operations and products. More specifically, the business plans of most non-bank mortgage lenders rely on a lender's ability to readily sell originated loans into the secondary mortgage market based on loan product guidelines set by investors in that market. We also believe an opportunity exists to broaden and improve the diverse perspectives of the Community Benefit Review Committee to include industry stakeholders that would bring

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valuable knowledge of the business processes financial institutions must consider when developing their marketing and product lines.

Moreover, the Act's current language is not clear on whether institutions that do not offer a wide suite of credit products, such as monoline non-depository mortgage lenders, would be required to implement feedback from third-parties requesting product types or other financial services outside of their current lineup. Therefore, Rocket Mortgage requests the strong language around Plan approval and incorporation of third-party feedback be reconsidered to reflect the extent and nature that mortgage lenders are able to reasonably accommodate such feedback.

In sum, Rocket Mortgage shares the laudable goals and intent of the Act; however, we do not believe the requirements of this bill would best serve the interest of the people of the State of Maryland. While we also question the efficacy of the federal Community Reinvestment Act and the state community reinvestment act counterparts at improving financial access in traditionally underserved and LMI communities, we do not believe this Act's proposed requirements will be an improvement on those existing legal requirements. Unlike the other similar federal and state laws, this Act would impose an unprecedented requirement to affirmatively meet the financial needs of these communities through a perpetual corrective action plan with the threat of severe, seemingly mandatory penalties for noncompliance. This is more likely to drive up credit costs through penalties and compliance management expenses that will ultimately be passed on to Maryland consumers and would otherwise be spent on making additional loans to these areas.

Again, Rocket Mortgage appreciates the opportunity to provide feedback on the proposed Act. We also appreciate the Delegate's interest in improving access to financial services in LMI and underserved communities and populations. Should you have any questions, please contact Kristopher Janssen at (313) 774-3057 or at KrisJanssen@rocketmortgage.com.



Kristopher Janssen
Associate General Counsel
Rocket Mortgage, LLC