



**HB 1516 - Financial Institutions - Consumer Credit - Application of Licensing Requirements  
(Maryland Secondary Market Stability Act of 2025)**

**Committee:** House Economic Matters Committee

**Date:** March 11, 2025

**Position:** Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** HB 1516. This legislation, as drafted, exempts secondary mortgage market participants who do not buy, sell, or service mortgages from licensing requirements. This legislation also creates a Maryland Licensing Working Group that is tasked with studying the licensing of providers of financial services and making recommendations on how to improve licensing.

Earlier this year, Maryland's Office of Financial Regulation (OFR) issued [guidance](#) based on the decision rendered in *Estate of Brown v. Ward* last year. The guidance, which was much more expansive than the finding in the court case, stated that all assignees of mortgage loans are subject to licensing, even if they are only active on the secondary market. Traditionally, only those participating in the primary market, such as creditors and servicers, needed to be licensed. Now, entities such as a passive mortgage trust need to be licensed, even though the trust does not buy, sell, or service mortgages.

When Maryland banks make mortgage loans, they sell these loans into the secondary market, which in return provides them with additional liquidity to make additional mortgage loans. The mortgage market in Maryland was rattled by OFR's guidance, with OFR admitting in [later guidance](#) that some have suspended mortgage operations in Maryland. If the ruling in *Estate of Brown v. Ward* were to remain law, there would continue to be a reduction in secondary market participants, which ultimately means that Marylanders would have a much harder time buying a home.

HB 1516 will ensure that Maryland continues to have a healthy secondary mortgage market. Accordingly, MBA urges issuance of a **FAVORABLE** report on HB 1516.

*The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves 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.*