



SB 317 - Credit Regulation - Maximum Interest Rate for Active Service Members (Service Members Civil Relief Act)

Committee: Senate Finance Committee

Date: February 12, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS SB 317 WITH AMENDMENTS**. This legislation establishes a state-level Service Members Civil Relief Act, extending important interest rate relief for Marylanders during active duty. MBA fully supports ensuring that active-duty servicemembers receive meaningful financial relief during military service, but believes clarifying language is needed to ensure consistency with the federal Servicemembers Civil Relief Act (SCRA).

The federal SCRA provides broad protections for active-duty servicemembers by capping interest rates on certain debts at 6%, preventing eviction without a court order, allowing termination of leases, staying civil court proceedings, and offering safeguards against default judgments and other financial or legal hardships during military service. However, the 6% interest rate cap only applies to certain loans taken out before active duty begins, which are otherwise referred to as “pre-service debts.”

To ensure alignment with this long-standing federal framework, **MBA respectfully requests an amendment to SB 317’s definition of “obligation” so that it applies exclusively to debts incurred prior to the start of active duty**. This clarification will bring Maryland’s law into harmony with federal requirements, prevent confusion for both lenders and borrowers, and reduce the risk of conflicting obligations that could otherwise result in litigation, compliance issues, or unintended financial consequences.

Accordingly, MBA urges the issuance of a **FAVORABLE** report **WITH AMENDMENTS** on SB 317.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 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.