HOUSE BILL 1213

I1, I2 1lr2242

By: **Delegate Queen**
Introduced and read first time: February 8, 2021
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 6, 2021

CHAPTER ______

AN ACT concerning

Financial Institutions – Determination of Creditworthiness – <u>Evaluation Rules and</u> Alternative Methods

FOR the purpose of requiring certain credit grantors to <u>adhere to certain rules concerning evaluations of applications and, under certain circumstances,</u> consider alternative methods of evaluating an applicant's creditworthiness when ~~determining whether to accept~~ <u>evaluating</u> an application for a primary residential mortgage loan or an extension of credit; providing for the application of this Act; defining certain terms; and generally relating to the determination of creditworthiness by credit grantors in the State.

BY repealing and reenacting, without amendments,
Article – Financial Institutions
Section 1–101(a) and (d)
Annotated Code of Maryland
(2020 Replacement Volume and 2020 Supplement)

BY adding to
Article – Financial Institutions
Section 1–212
Annotated Code of Maryland
(2020 Replacement Volume and 2020 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.
<u>Underlining</u> indicates amendments to bill.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Article – Financial Institutions

1–101.

(a) In this article, unless the context clearly requires otherwise, the following words have the meanings indicated.

(d) "Banking institution" means an institution that is incorporated under the laws of this State as a State bank, trust company, or savings bank.

1–212.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CREDIT UNION" HAS THE MEANING STATED IN § 6–101 OF THIS ARTICLE.

(3) "SAVINGS AND LOAN ASSOCIATION" HAS THE MEANING STATED IN § 8–101 OF THIS ARTICLE.

(B) THIS SECTION APPLIES ONLY TO:

(1) A BANKING INSTITUTION;

(2) A CREDIT UNION;

(3) A SAVINGS AND LOAN ASSOCIATION; ~~AND~~

(4) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION; AND

~~(4)~~ (5) A CREDIT GRANTOR REGULATED UNDER TITLE 11 OF THIS ARTICLE.

(C) WHEN ~~DETERMINING WHETHER TO ACCEPT~~ EVALUATING AN APPLICATION FOR A PRIMARY RESIDENTIAL MORTGAGE LOAN OR AN EXTENSION OF CREDIT, AN ENTITY SUBJECT TO THIS SECTION SHALL ~~CONSIDER ALTERNATIVE METHODS OF EVALUATING THE CREDITWORTHINESS OF AN APPLICANT, INCLUDING THE APPLICANT'S~~:

(1) ADHERE TO THE RULES CONCERNING EVALUATIONS OF APPLICATIONS ESTABLISHED UNDER 12 C.F.R. § 1002.6, INCLUDING CONSIDERATION OF THE FOLLOWING VERIFIABLE ALTERNATIVE INDICATIONS OF

CREDITWORTHINESS PRESENTED OR MADE AVAILABLE TO THE ENTITY BY THE APPLICANT:

(I) **HISTORY OF RENT OR MORTGAGE PAYMENTS;**

~~(2)~~ **(II)** **HISTORY OF UTILITY PAYMENTS;**

~~(3)~~ **(III)** **SCHOOL ATTENDANCE; AND**

~~(4)~~ **(IV)** **WORK ATTENDANCE; AND**

(2) **IF THE APPLICANT REQUESTS, CONSIDER OTHER VERIFIABLE ALTERNATIVE INDICATIONS OF CREDITWORTHINESS PRESENTED OR MADE AVAILABLE TO THE ENTITY BY THE APPLICANT.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.