

HOUSE BILL 1213

I1, I2

1lr2242

By: **Delegate Queen**

Introduced and read first time: February 8, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Determination of Creditworthiness – Alternative**
3 **Methods**

4 FOR the purpose of requiring certain credit grantors to consider alternative methods of
5 evaluating an applicant's creditworthiness when determining whether to accept an
6 application for a primary residential mortgage loan or an extension of credit;
7 providing for the application of this Act; defining certain terms; and generally
8 relating to the determination of creditworthiness by credit grantors in the State.

9 BY repealing and reenacting, without amendments,
10 Article – Financial Institutions
11 Section 1–101(a) and (d)
12 Annotated Code of Maryland
13 (2020 Replacement Volume and 2020 Supplement)

14 BY adding to
15 Article – Financial Institutions
16 Section 1–212
17 Annotated Code of Maryland
18 (2020 Replacement Volume and 2020 Supplement)

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

21 **Article – Financial Institutions**

22 1–101.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(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 CREDIT GRANTOR REGULATED UNDER TITLE 11 OF THIS ARTICLE.

(C) WHEN DETERMINING WHETHER TO ACCEPT 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) HISTORY OF RENT OR MORTGAGE PAYMENTS;

(2) HISTORY OF UTILITY PAYMENTS;

(3) SCHOOL ATTENDANCE; AND

(4) WORK ATTENDANCE.

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