

SENATE BILL 1026

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EMERGENCY BILL

5lr3555
CF HB 1516

By: **Senator Beidle**

Introduced and read first time: February 6, 2025

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Consumer Credit – Application of Licensing**
3 **Requirements**
4 **(Maryland Secondary Market Stability Act of 2025)**

5 FOR the purpose of providing that certain provisions of law governing the licensing of
6 providers of certain financial services in the State do not apply to a certain person
7 that acquires or is assigned a certain mortgage, mortgage loan, or installment loan
8 under certain circumstances; establishing the Maryland Licensing Workgroup to
9 study and make recommendations on licensing requirements for persons that
10 provide financial services in the State; and generally relating to consumer credit
11 lending licensing requirements and the Maryland Licensing Workgroup.

12 BY repealing and reenacting, without amendments,
13 Article – Financial Institutions
14 Section 1–101(a) and (n), 11–301(a) and (b), and 11–501(a) and (k) through (m)
15 Annotated Code of Maryland
16 (2020 Replacement Volume and 2024 Supplement)

17 BY adding to
18 Article – Financial Institutions
19 Section 11–102
20 Annotated Code of Maryland
21 (2020 Replacement Volume and 2024 Supplement)

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

24 **Article – Financial Institutions**

25 1–101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (n) "Mortgage" includes a deed of trust that secures a debt or the performance of
4 an obligation.

5 **11-102.**

6 (A) IN THIS SECTION, "INSTALLMENT LOAN" HAS THE MEANING STATED IN
7 § 11-301 OF THIS TITLE.

8 (B) EXCEPT FOR § 11-219 OF THIS TITLE, THIS TITLE DOES NOT APPLY TO A
9 PERSON THAT ACQUIRES OR IS ASSIGNED IN WHOLE OR IN PART:

10 (1) A MORTGAGE, IF THE PERSON DOES NOT OTHERWISE MAKE
11 MORTGAGES;

12 (2) A MORTGAGE LOAN, AS DEFINED IN § 11-501 OF THIS TITLE, IF
13 THE PERSON DOES NOT OTHERWISE ENGAGE IN THE MORTGAGE LENDING
14 BUSINESS, AS DEFINED IN § 11-501 OF THIS TITLE; OR

15 (3) AN INSTALLMENT LOAN, IF THE PERSON:

16 (I) RELIES ON ANOTHER PERSON TO SERVICE OR COLLECT ON
17 THE INSTALLMENT LOAN; AND

18 (II) DOES NOT OTHERWISE MAKE INSTALLMENT LOANS.

19 (C) THIS SECTION MAY NOT BE CONSTRUED TO ALTER THE DEFINITION OF
20 "STUDENT LOAN SERVICER", AS DEFINED IN § 2-104.1 OF THIS ARTICLE.

21 11-301.

22 (a) In this subtitle the following words have the meanings indicated.

23 (b) "Installment loan" means a loan or extension of credit made for consideration
24 under § 12-103(a)(3) or (c) or Title 12, Subtitle 9, or Subtitle 10 of the Commercial Law
25 Article.

26 11-501.

27 (a) In this subtitle the following words have the meanings indicated.

28 (k) (1) "Mortgage lender" means any person who:

- 1 (i) Is a mortgage broker;
- 2 (ii) Makes a mortgage loan to any person; or
- 3 (iii) Is a mortgage servicer.
- 4 (2) “Mortgage lender” does not include:
- 5 (i) A financial institution that accepts deposits and is regulated
6 under Title 3, Title 4, Title 5, or Title 6 of this article;
- 7 (ii) The Federal Home Loan Mortgage Corporation;
- 8 (iii) The Federal National Mortgage Association;
- 9 (iv) The Government National Mortgage Association;
- 10 (v) Any person engaged exclusively in the acquisition of all or any
11 portion of a mortgage loan under any federal, State, or local governmental program of
12 mortgage loan purchases; or
- 13 (vi) An affiliated insurance producer–mortgage loan originator
14 licensed under § 11–603.1 of this title.

15 (l) (1) “Mortgage lending business” means the activities set forth in the
16 definition of “mortgage lender” in subsection (k) of this section which require that person
17 to be licensed under this subtitle.

18 (2) “Mortgage lending business” includes the making or procuring of
19 mortgage loans secured by a dwelling or residential real estate located outside Maryland.

20 (m) (1) “Mortgage loan” means any loan primarily for personal, family, or
21 household use that is secured by a mortgage, deed of trust, or other equivalent consensual
22 security interest on a dwelling or residential real estate on which a dwelling is constructed
23 or intended to be constructed.

24 (2) “Mortgage loan” includes a loan in which funds are advanced through a
25 shared appreciation agreement.

26 SECTION 2. AND BE IT FURTHER ENACTED, That:

27 (a) There is a Maryland Licensing Workgroup.

28 (b) The Workgroup consists of the following members:

29 (1) the Commissioner of Financial Regulation, or the Commissioner’s
30 designee;

1 (2) the following members jointly appointed by the President of the Senate
2 and the Speaker of the House:

3 (i) one representative of a consumer advocacy organization with
4 general knowledge about financial services, lending services, capital markets, and
5 structured finance;

6 (ii) one representative of a banking institution operating in the
7 State;

8 (iii) one representative of a credit union operating in the State;

9 (iv) one representative of a nonbank mortgage business operating in
10 the State; and

11 (v) one member with expertise in:

12 1. State laws and regulations that impact the chartering,
13 licensing, and supervision of the lending industry within the State; and

14 2. financial products and practices that impact consumers;
15 and

16 (3) the following members appointed by the Governor:

17 (i) one member who has general knowledge about financial services,
18 lending services, capital markets, and structured finance; and

19 (ii) one member of the public.

20 (c) The Commissioner of Financial Regulation, or the Commissioner's designee,
21 shall serve as the chair of the Workgroup.

22 (d) The Office of Financial Regulation shall provide staff for the Workgroup.

23 (e) A member of the Workgroup:

24 (1) may not receive compensation as a member of the Workgroup; but

25 (2) is entitled to reimbursement for expenses under the Standard State
26 Travel Regulations, as provided in the State budget.

27 (f) The Workgroup shall:

28 (1) subject to subsection (g) of this section, study:

1 (i) all licensing statutes and regulations adopted under those
2 statutes concerning the provision of financial services in the State;

3 (ii) the need for and the efficacy of the existing licensing and
4 registration system for actively licensed persons who provide financial services in the State;
5 and

6 (iii) whether there is any benefit to expanding existing licensing or
7 registration systems to persons not already subject to those licensing requirements; and

8 (2) make recommendations regarding:

9 (i) the licensing and registration system for actively licensed
10 persons who provide financial services in the State; and

11 (ii) the expansion of the existing licensing or registration systems to
12 persons not already subject to those licensing requirements.

13 (g) In conducting the study required under subsection (f) of this section, the
14 Workgroup shall, at a minimum, consider the potential impacts, costs, and benefits of its
15 recommendations on:

16 (1) residents of the State;

17 (2) persons facilitating, brokering, making, servicing, or acquiring loans in
18 the State;

19 (3) the availability of credit in the State;

20 (4) the cost of credit in the State compared to other states; and

21 (5) the capital markets, including the volume of secondary market
22 transactions.

23 (h) On or before December 31, 2025, the Workgroup shall report its findings and
24 recommendations to the Governor and, in accordance with § 2-1257 of the State
25 Government Article, the General Assembly.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
27 measure, is necessary for the immediate preservation of the public health or safety, has
28 been passed by a yea and nay vote supported by three-fifths of all the members elected to
29 each of the two Houses of the General Assembly, and shall take effect from the date it is
30 enacted. Section 2 of this Act shall remain effective through June 30, 2026, and, at the end
31 of June 30, 2026, Section 2 of this Act, with no further action required by the General
32 Assembly, shall be abrogated and of no further force and effect.