



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**TESTIMONY OF DELEGATE PAM QUEEN**  
**HB 1213 – Determination of Credit Worthiness Alternative Methods**  
**SUPPORT**

Greetings Chair Dereck Davis, Vice-Chair Kathleen Dumais, and members of the Economic Matters Committee:

This bill addresses inequities in access to capital, especially for home purchases due to methods of determining credit worthiness. In Maryland, the average homeownership is 66.9% whereas, homeownership for Blacks is 51.8% and for Hispanics is 52.9% as compared to 76.8% for Whites. Furthermore, the credit rating for Blacks is lower than other races.

According to the National Association of Real-Estate Brokers (NAREB) in Maryland loan denial rate for Blacks is 30.33% and for Hispanics is 22.20% versus 14.60% for Whites. Finding alternative ways to evaluate creditworthiness will improve these disproportional rates as highlighted in an article from the Consumer Financial Protection Bureau (CFPB) - <https://www.consumerfinance.gov/about-us/blog/using-alternative-data-evaluate-creditworthiness/>.

Homeownership has many benefits for the community, including less crime, better performance of children in school, a boost to local economies, and generational wealth is created. While there are inequities related to a racial wage gap that contributes to low credit ratings and subsequently low homeownership, researchers contend that pathways to homeownership which is essential for individual and societal benefits can be achieved with alternative methods of creditworthiness.

I seek a favorable recommendation for this bill to make homeownership a dream for all Marylanders.

Homeownership: A Key to Wealth-Building



# Homeownership

PATHWAY TO WEALTH CREATION

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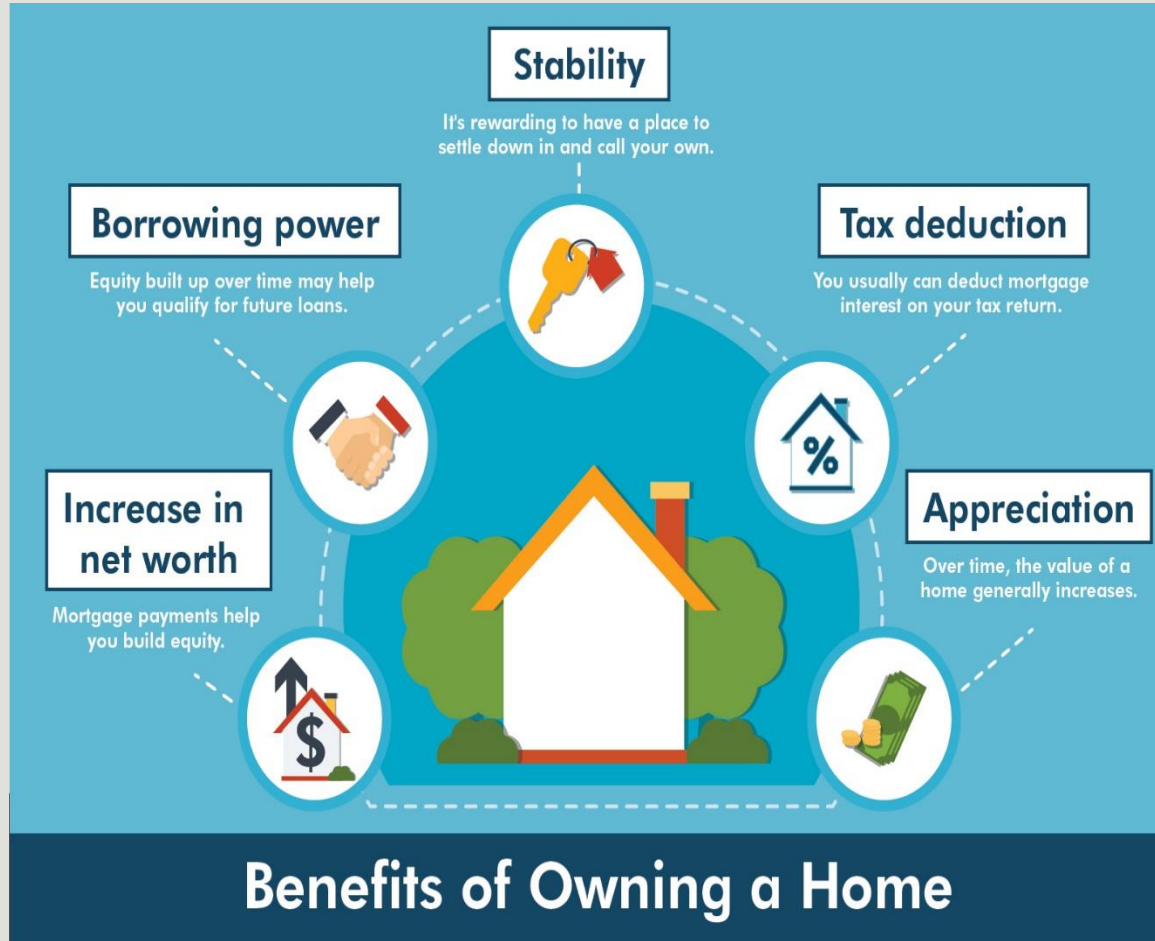
**HB1213:** Alternate methods of creditworthiness



# Homeownership in Maryland

Race	Homeownership	Denials
White	76.8%	14.60%
Black	<b>51.8%</b>	<b>30.33%</b>
Asian	68.3%	22.95%
Hispanic	52.9%	22.20%

# Benefits of Homeownership



## Homeownership Has Its Benefits

Improved educational performance, higher civic participation, lower crime rates, and greater health remain the biggest social benefits linked to homeownership. Take a look at how homeownership impacts these areas.

### HEALTH

Homeowners and their children tend to be happier and healthier than nonowners. One reason may be the wealth-building effect of homeownership and the sense of control it brings.

### CRIME

Research has confirmed homeowners have a lower instance of involvement in crime than nonowners.

### EDUCATION

Homeowners tend to accrue more wealth and save more money – such financial practices are associated with lower rates of homeowners' children dropping out of school.

### CIVIC ENGAGEMENT

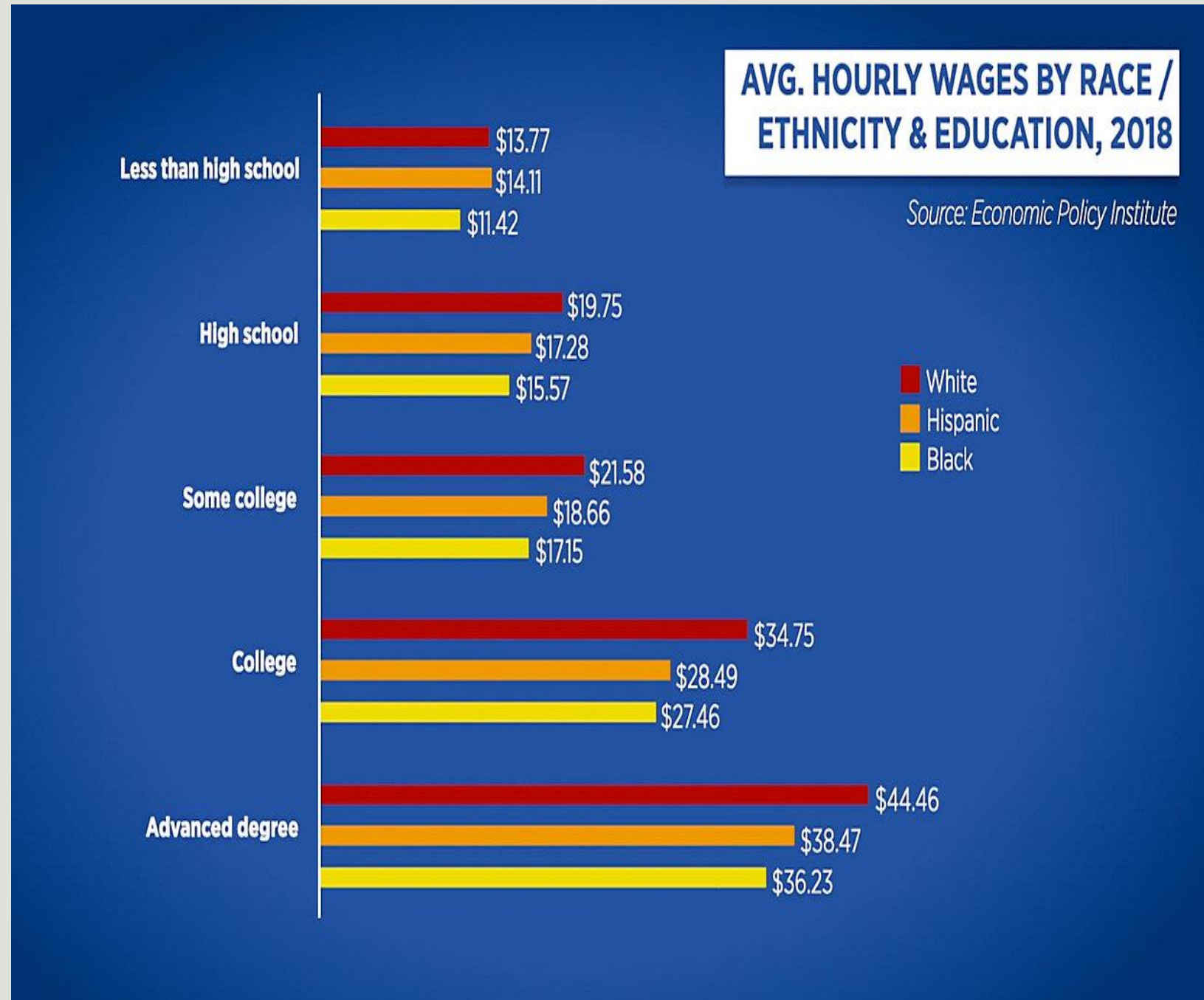
Homeowners remain more likely to participate in local elections and civic groups than renters.

Source: "Social Benefits of Homeownership and Stable Housing," *The Journal of the Center for Real Estate Studies*

CALIFORNIA ASSOCIATION OF REALTORS

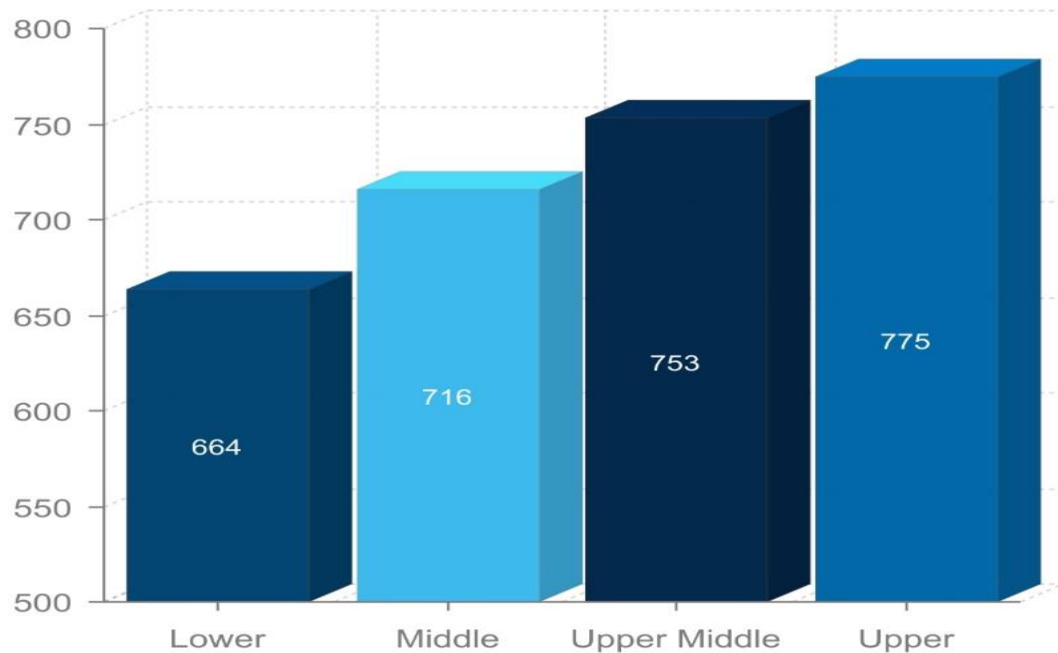


*“Education, then, beyond all other divides of human origin, is a great equalizer of conditions of men—the balance wheel of the social machinery.” – Horace Mann*

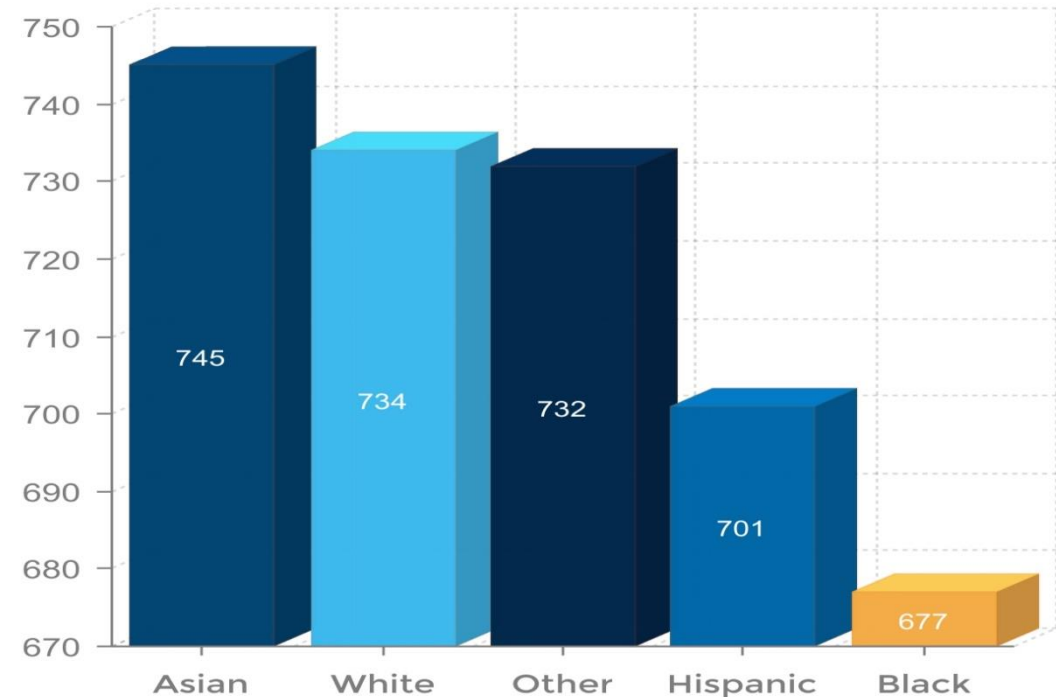


# Low Wages Correlate with Low Credit Score

**Average Credit Score  
By Economic Class**

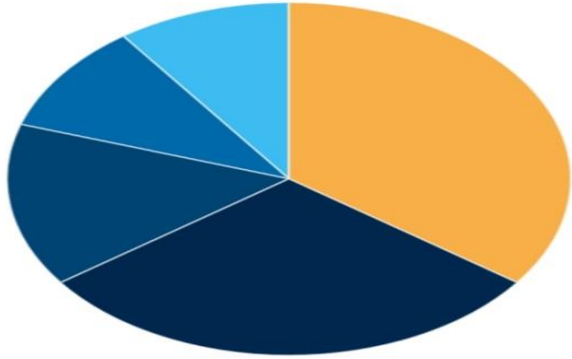


**Average Credit Score by Race**



# Measuring Creditworthiness

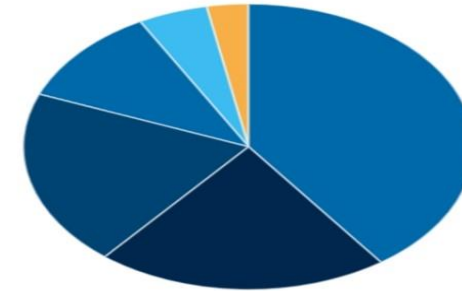
## Ingredients of a FICO score



● Payment History	35.0%
● Amounts Owed	30.0%
● Length of Credit History	15.0%
● New Credit	10.0%
● Credit Mix	10.0%



## Ingredients of a VantageScore



● Payment History	40.0%
● Age & Type of Credit	21.0%
● Percent of Credit Used	20.0%
● Total Balances/Debt	11.0%
● Recent Credit Behavior	5.0%
● Available Credit	3.0%



“Land is the Source of All Wealth”

**BLACK WALL STREET**



**600 – BUSINESSES / 21 – CHURCHES / 21 – RESTAURANTS  
30 – GROCERY STORES / 2 – MOVIE THEATRES / 6 – PRIVATE AIRPLANES  
PLUS A HOSPITAL, A BANK, A POST OFFICE, SCHOOLS, LIBRARIES, LAW OFFICES  
AND EVEN A BUS SYSTEM !!!**



# wealth

wealthy  
feeling  
prosperity  
financial  
know  
increased  
life  
new  
mind  
universe  
abundant  
create  
contribution  
wealthier  
right  
action  
thoughts  
others  
know  
increased  
attract

## Purpose of HB 1213

Making Homeownership a Dream for All Marylanders