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2025 MBA Final Report

General Assembly

Session in Review



August 11, 2025

Dear Maryland Banker:

The Maryland Bankers Association is pleased to provide members with the 2025 MBA Final Report. The Final Report includes a summary prepared by Gordon Feinblatt, LLC, of legislation enacted during the 2025 Session affecting the Maryland banking industry. This publication, provided as a benefit of MBA membership, includes important legal practice pointers to help financial institutions prepare for compliance with newly enacted laws in Maryland.

Please note, depending on the products, services, and business model of your institution, not all laws covered in the Final Report will impact you. However, if a law does impact your institution, there are litigation risks your bank will face if not prepared for new requirements. MBA urges member banks to be deliberate in reviewing each of the issues raised in the Final Report and in determining if the new law impacts the bank, and if so, what the bank's next steps will be to ensure compliance.

Please review these summaries with appropriate personnel at your institution. If you have questions concerning legislation passed during the 2025 Session, please do not hesitate to contact the MBA Government Relations team. Should you wish to receive copies of any laws passed this year, you may obtain copies of bills through the [Maryland General Assembly Website](#).

The advocacy accomplishments of the MBA in Annapolis are unparalleled. Those accomplishments reflect your commitment to maintaining a competitive banking framework, which in turn makes a more prosperous Maryland.

MBA greatly appreciates the engagement and leadership of the MBA Board of Directors, the MBA 2024-2025 MBA Government Relations Council Chair Kevin Benson, President & CEO, Rosedale Bank, members of the MBA Government Relations Council, and bankers across Maryland for their hard work and steadfast contributions to the banking industry!

Very truly yours,

A handwritten signature in blue ink that appears to read 'Christopher D. Holt'.

Christopher D. Holt
MBA Chair 2025 - 2026
EVP, Market President, Maryland
Orrstown Bank

A handwritten signature in blue ink that appears to read 'Tisha S. Edwards'.

Tisha S. Edwards
President & CEO
Maryland Bankers Association

Maryland Laws Update 2025

We are pleased to provide our clients and friends this review of 2025 Maryland laws affecting financial services providers. The new laws present challenges and opportunities for financial institutions. As always, **Gordon Feinblatt's Financial Services Team** is able to assist you with any questions. Please email or call us using the contact information found below.

The full text of each bill listed below can be found on the [**Maryland General Assembly website**](#). If you need assistance obtaining copies of bills or other legislative materials, please contact us.

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Business

Small Business Guaranty Fund - Alterations

[SB1008](#) (Ch. 4)/[HB601](#) (Ch. 3)

(effective October 1, 2025)

The Maryland Small Business Development Financing Authority provides financing options for small businesses that are not able to qualify for financing from private lending institutions or are owned by socially and economically disadvantaged persons. One of MSBDFA's four programs is the Long-term Guaranty Program. This bill authorizes MSBDFA to provide a guaranty under its Long-term Guaranty Program through the form of an irrevocable letter of credit, an official treasurer's check, funds on deposit in an escrow or other depository account, or any other legal instrument promising a financial institution restitution or reimbursement for its loan losses, within the limits of the guaranty. The terms and conditions governing the aforementioned options may not be so onerous as to discourage the financial institution from offering the loan.

Credit Regulation - Earned Wage Access and Credit Modernization

[HB1294](#) (Ch. 847)

(effective October 1, 2025)

This new law subjects certain earned wage access products to the Maryland Consumer Loan Law and other provisions that regulate entities that provide consumer credit. The law targets online lending platforms designed as marketplaces for lenders and borrowers to connect, and addresses the concept of “tips” that can be made to the applicable lender and/or operator of the lending platform. The law restricts the acceptance of tips by certain lenders under certain circumstances; provides for the licensing or registration of certain entities offering earned wage access products with certain exemptions; regulates earned wage access service agreements; and limits the costs and fees associated with obtaining an earned wage access product. The new law also requires certain disclosures associated with tips to make clear that such tips are voluntary and will not influence a credit decision by the respective lender.

Consumer Protection

Automatic Renewals

[SB49](#) (Ch. 204)/[HB107](#) (Ch. 205)

(effective June 1, 2026)

This new law requires a person who makes an automatic renewal offer to consumers to allow a consumer to cancel the automatic renewal in a cost-effective, timely, and easy-to-use manner. The new law applies to contracts, plans, or agreements between a consumer and a “seller” in which “a paid subscription or purchasing agreement is automatically renewed for a subsequent term.” The law requires automatic renewal offers to be displayed in a clear and conspicuous manner before a consumer accepts the terms in “visual proximity” to or at the same time (for oral offers) the request that the consumer agree to the terms of the offer. The law requires specific disclosures, including the price that will be charged after the initial term ends or the manner in which the subscription or purchasing agreement will change at the end of the initial term, and an “easily accessible disclosure” of the methods the consumer may use to cancel the automatic renewal (such as with a prominent web link a consumer may use to cancel the automatic renewal). The new law requires that the method to cancel an automatic renewal be at least as easy to use as the mechanism used to consent to the initial agreement/subscription. The new law makes a violation of the new automatic renewal provisions an unfair, abusive, or deceptive trade practice.

Consumer Contracts - Limitation Periods

[SB413/HB431](#) (Ch. 194)

(effective June 1, 2026)

This new law prohibits a consumer contract from setting a shorter time to bring an action under or on the consumer contract than required by applicable Maryland law (presumably the applicable Maryland statute of limitations). The new law applies to contracts involving the sale, lease, or provision of goods or services that are for personal, family, or household purposes. Any consumer contract violating the new law will be void as against public policy. The new law applies to contracts on a prospective basis.

Workgroup on Artificial Intelligence Implementation

[HB956](#) (Ch. 105)

(effective July 1, 2025)

House Bill 956 establishes a workgroup to study and recommend regulations for artificial intelligence (AI) with a focus on consumer protection, labor rights, and privacy. The group will include representatives from government, academia, industries, and nonprofits, with annual reports starting July 1, 2026. Funded at \$100,000 annually, the initiative sunsets on June 30, 2029.

Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)

[SB614/HB1020](#) (Ch. 121)

(effective October 1, 2025)

This bill prohibits consumer reporting agencies from including negative information about medical debt or related collection actions in credit reports. It also bars the use of medical debt information for employment, credit, or housing decisions. Furthermore, health care providers and ambulance services are prohibited from reporting medical debt to credit bureaus.

Employment**Family and Medical Leave Insurance Program- Revisions**

[SB225/HB102](#) (Ch. 363)

(effective June 1, 2025)

This new law delays the implementation of Maryland's Family and Medical Leave Insurance (FAMLI) program by 18 months. FAMLI, which provides up to 12 weeks of paid family and medical leave, with the possibility of another 12 weeks for parental leave, will be funded by equal employer and employee contributions. Under the amended law, contributions to the fund will begin on January 1, 2027, with benefits becoming available for workers in January 2028. The total rate of contribution is currently set at 0.9% of covered wages up to the Social Security cap. Employers can opt out of the state plan if they

provide an employer-sponsored plan that meets or exceeds the benefits provided by the state plan. The amendments also require the Secretary of Labor to adopt regulations by July 1, 2028, establishing an optional enrollment program for self-employed individuals to be able to participate in FAMLI. For more detailed information regarding the modifications to the FAMLI program, please see our in-depth [summary](#).

Employment and Insurance Equality for Service Members Act

[SB279](#) (Ch. 5)/[HB895](#) (Ch. 6)

(effective October 1, 2025)

This act broadens the application of various provisions of Maryland law to include all uniformed services, rather than only the armed forces. This change extends applicability to the members of the Public Health Service and the National Oceanic and Atmospheric Administration. The impacted provisions cover numerous topics, including leave benefits, deployment leave for immediate family members of members of the uniformed services, occupational and professional licensing, small business no-interest loans, coverage and rates for private motor vehicle insurance, and acceptable forms of identification to receive services such as hotel lodging. The act also adopts uniform definitions related to the military that align with the U.S. Code, providing more clarity to statutes impacting Marylanders in the uniformed services. These definitions, which were added to the State Government Article section 9-901, are also established in the Labor and Employment, Business Occupations and Professions, Business Regulation, Commercial Law, Economic Development, Financial Institutions, General Provisions, Insurance, and State Finance and Procurement Articles.

Federal Public Service Loan Forgiveness Program - Employee Certification and Awareness Materials

[HB795](#) (Ch. 324)

(effective July 1, 2025)

This bill requires public service employers in Maryland to assist employees in accessing the federal Public Service Loan Forgiveness (PSLF) program. Employers must promptly certify employment, maximize hours counted toward full-time status, and provide informational materials to employees. The Student Loan Ombudsman must develop and distribute these materials, and employers must share them with new hires and annually with all staff.

Financial Institutions

Consumer Credit - Application of Licensing Requirements (Maryland Secondary Market Stability Act of 2025)

[SB1026](#) (Ch. 118)/[HB1516](#) (Ch. 119)

(effective April 22, 2025 – emergency legislation)

The new law addresses licensing uncertainty caused by a 2024 case involving mortgage lender licensing requirements. The underlying [case](#) involved a passive trust formed to hold mortgage loans, that were assigned by licensed or exempt lenders. When the trust foreclosed on a delinquent Maryland mortgage loan, one of the borrower's defenses was that the trust was not properly licensed as a Maryland mortgage lender (based on language in existing Maryland law that includes assignees of certain loans into the "credit grantor" definition). The Maryland Commissioner of Financial Regulation issued three industry advisories in early 2025 concerning the need for specific licensing by certain assignees of consumer mortgage loans. The new law exempts "passive trusts" that acquire Maryland mortgage loans by assignment but do not originate, service, or collect these loans on their own behalf from Maryland's mortgage lending licensing provisions. A "passive trust" is an entity that acquires or is assigned mortgage loans, does not make any mortgage loans, is not a "mortgage lender" or "mortgage servicer" under Maryland law, and is not engaged in the servicing of mortgage loans (the new laws carve out the act of transmitting or directing payments received by a mortgage servicer). The Commissioner also extended the licensing enforcement grace period from April 10, 2025 to July 6, 2025 allowing a "non-passive trust" to apply for and obtain Maryland mortgage lender licensing. The new law also establishes the Maryland Licensing Workgroup to study and make recommendations on licensing requirements for persons that provide financial services in Maryland, with the requirement that the workgroup report to the Governor and the General Assembly by December 31, 2025.

Practice Pointer: Entities that take assignment of Maryland consumer mortgage loans should carefully review the new laws to determine whether licensing is required.

Conventional Home Mortgage Loans – Assumption and Required Disclosures

[SB689](#) (Ch. 203)/[HB1018](#) (Ch. 202)

(effective October 1, 2025)

This legislation will require certain banking institutions, credit unions and mortgage lenders to include a provision in a "conventional home mortgage loan" that allows any existing borrower to purchase the property interest of other borrowers on the loan by assuming the seller's portion of the mortgage if (i) the assumption is in connection with the granting of a decree of absolute divorce and (ii) the assuming purchaser qualifies for the loan. That provision must also be disclosed in writing to a loan applicant before the completion of a loan application. The term "conventional home mortgage loan" is defined as a consumer loan that is secured by a mortgage, deed of trust, or other equivalent consensual security

interest on a dwelling or residential real estate on which a dwelling is constructed or intended to be constructed, and includes a loan in which funds are advanced through a shared appreciation agreement. A conventional home mortgage loan does not include a loan that is insured or guaranteed by the federal government, and the provision is not required if the loan is already required by state or federal law to be assumable in connection with the granting of an absolute divorce. The provisions of the legislation that allow a borrower to purchase the property interest of other borrowers apply retroactively to any conventional home mortgage loan entered into before October 1, 2025, if the sale is the result of a decree of absolute divorce entered into on or after October 1, 2025.

Virtual Currency Kiosks – Registration and Regulation

[SB305](#) (Ch. 117)

(effective July 1, 2025)

Chapter 117 imposes several requirements on an operator of a virtual currency kiosk located in Maryland, including a requirement that takes effect on January 1, 2026 to register (annually) the kiosk with the Commissioner of Financial Regulation. The legislation defines “virtual currency” as a digital representation of value that is used as a medium of exchange, unit of account, or store of value and is not itself currency, subject to certain exceptions. Under this new law, the operator must also (i) collect biographical information from a user of the kiosk; (ii) provide the user with a receipt for each transaction; (iii) ensure that the kiosk does not accept or dispense in a single day an amount of cash, including value downloaded through prepaid access, or the equivalent in credit, that exceeds \$2,000 for a “new user” or \$10,500 for an “experienced user”; and (iv) provide a user with specified disclosures before each virtual currency service transaction, the receipt of which must be acknowledged by the user. The legislation prohibits an operator from collecting a fee of more than \$5.00 or 15% of the amount of each virtual currency transaction, whichever is greater, and from operating the kiosk as an automated teller machine.

Support and Protections for Individuals Affected by Federal Actions (Protect Our Federal Workers Act)

[SB683/HB1424](#) (Ch. 0097)

This Act renamed the Federal Government Shutdown Employee Assistance Loan Fund to the Federal Government Employee Assistance Loan Fund (“FGEALF”). Among other things, the Act authorizes funds appropriated to the Catastrophic Event Account to be expended to assist funding costs and to provide financial assistance to former federal employees in connection with a closure, relocation, or mass layoff of units of the federal government or other similar circumstances. The Act further altered eligibility requirements for no interest loans provided by FGEALF to Maryland State residents impacted by federal layoffs and government shutdowns, authorized loan forgiveness, and authorized the transfer of moneys contained in the Rainy Day fund to FGEALF to fund these programs. Further,

the Act expanded the powers of the Office of the Attorney General to investigate, commence, and prosecute or defend actions based on the federal government's actions or inaction that threaten the public interest and welfare of Maryland residents with respect to certain actions by the federal government, including State residents impacted by federal shutdowns due to a lapse of appropriations, terminated due to closure or mass layoffs of federal government units, or inappropriately denied federal benefits or entitlements. The Act provided additional amounts from the Rainy Day fund to fund additional expenses incurred by the Office of the Attorney General in investigating, commencing or defending such actions.

Tax

Property Tax - Payment Plans - Notice to Taxpayers

[HB790](#) (Ch. 108)

(effective May 1, 2027)

This bill mandates tax collectors to provide detailed information about these programs through inserts with tax bills, notices, and websites. A vendor-operated payment program will be managed by the State Tax Sale Ombudsman, offering protections against tax sale actions for compliant participants.

Contacts

Please call or email us if you would like more information about these new laws and their impact on your business.

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