
BILL NO:	Senate Bill 689
TITLE:	Financial Institutions - Conventional Home Mortgage Loans - Assumption and Required Disclosures
COMMITTEE:	Finance
HEARING DATE:	February 20, 2025
POSITION:	SUPPORT

The Women's Law Center of Maryland is dedicated to ensuring the physical safety, economic security, and bodily autonomy of women throughout the State. The clients that we represent have all experienced intimate partner violence, many of whom also experience financial abuse and unequal standings with their partners. We support Senate Bill 689's attempt to redress one such inequity by requiring financial services providers to include a provision in conventional home mortgage loans authorizing borrowers to assume their spouse's portion of their mortgage following a divorce.

The housing crisis in Maryland has resulted in increased borrowing costs that have pushed home ownership out of reach for many in the state. For those fortunate to be able to own a home, divorce is often the end of that dream. According to the U.S. Government Accountability Office, women – who are already systemically paid less for their work than men – see their household income fall by an average of 41% following a divorce, while men's household income decreases on average by only 23%. Most of the female clients of the Women's Law Center cannot afford to stay in their home following divorce due to current refinance requirements and many, many women stay in dangerous relationships in fear of facing a greater poverty risk than their male counterparts and its resulting homelessness.

The economic costs of divorce fall more heavily on women while studies have shown that, in contrast, many men actually improve their standard of living in postdivorce years. Divorced women face three main gendered inequities; (1) higher economic need and restricted earning capacities with the presence of children; (2) insufficient child maintenance; and (3) disproportionate loss of income, which is rarely fully compensated by spousal maintenance. Children of divorce who are removed from the marital home must grapple with increased instability that often damages their emotional well-being, academic performance, and social connections. By permitting authorized borrowers to assume the property interest of their former partners, this will not only reduce the negative ramifications of divorce on the more vulnerable parties (women and children), but it will also correct systemic discrimination and has the likely outcome of improving banks' bottom lines.

Women have historically been impacted by mortgage discrimination and even today are denied mortgages at higher rates than their male-only counterparts and couples. Despite women – particularly women of color – experiencing higher rates of subprime lending than their male peers, according to the Urban Institute, women actually have lower default rates and are increasingly seen as less risky borrowers by lenders. In consideration of all these factors, as well as a commitment to economic justice, the Women's Law Center urges a favorable finding of SB 689.

The Women's Law Center of Maryland is a non-profit legal services organization whose mission is to ensure the physical safety, economic security, and bodily autonomy of women in Maryland. Our mission is advanced through direct legal services, information and referral hotlines, and statewide advocacy.