



**SB 689 – Financial Institutions - Conventional Home Mortgage Loans -  
Assumption and Required Disclosures  
Committee: Senate Finance Committee  
Date: February 20, 2025  
Position: Favorable with Amendments**

The Maryland Bankers Association (MBA) **SUPPORTS SB 689 WITH AMENDMENTS** that remove the bill’s retroactivity clause in Section 2. Maryland banks will face significant challenges implementing the provisions of SB 689 retroactively, and this clause could ultimately impact the sale of mortgages on the secondary market.

Language in SB 689 requires a clause authorizing assumption be entered into every existing conventional home mortgage loan in the State, which means that the terms of an already settled mortgage loan will have to be altered. Typically, mortgage loans are bought, packaged, and sold on the secondary market, which provides liquidity for additional mortgage loans. When these loans are sold, the purchaser buys the loans with the understanding that the loan terms are finalized. If the assumption provision were to be inserted into existing contracts, it is possible that the sale of a mortgage onto the secondary market could be voided. Moving forward, it will be known by mortgage loan purchasers that the loans are indeed assumable.

In addition, since the legislation requires disclosure of the assumption provision, notification will be required. However, since mortgages are often packaged and sold on the secondary market, there will be confusion about who is responsible for notifying the mortgagor that the terms have changed, especially for loans that have been packaged and sold many years ago. Is it the mortgage loan originator? Is it the mortgage loan servicer? The investor who now owns the loan? Should the retroactivity clause be removed, banks can easily comply with disclosures moving forward.

Accordingly, the MBA urges the issuance of a **FAVORABLE** report on SB 689 **WITH AMENDMENTS**.

*The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in almost 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.*