



February 18, 2025

TO: The Honorable Senator Pamela Beidle, Chair, Finance Committee
FROM: Steven Messmer, Staff Attorney, Maryland Volunteer Lawyers Service

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RE: SB689 – Financial Institutions – Conventional Home Mortgage Loans –
Assumption and Required Disclosures

The Maryland Volunteer Lawyers Service urges this Committee to favorably report HB 1018. MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS’ founding in 1981, our statewide panel of over 1,700 volunteers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters.

This bill prospectively requires conventional mortgages to include a contract provision that would allow someone who received the home in a divorce to assume the mortgage if they qualify.

Currently, under federal law (the Garn-St. Germaine Act), when a property is transferred as part of a divorce, the mortgage company cannot force the parties to refinance or get a new mortgage. They can just keep the mortgage. But, there is no requirement for the mortgage company to change whose name is on the mortgage. So, in some cases, the ex-spouses are forced to choose between being able to keep the mortgage or be able to completely separate their finances.

Having the option to assume the mortgage would mean that more people are able to keep their homes following a divorce which, in turn, promotes financial and emotional stability following a tumultuous event.

The bill has several limitations. First, it only applies to mortgages created after the law takes effect. We would rather it apply regardless of when the mortgage was created. Second, it only requires the ex-spouse to be able to assume the mortgage if they “qualif[y] for the loan.” By creating a requirement that is conditional on their subjective approval may be no requirement at all.

For the foregoing reasons, the Maryland Volunteer Lawyers Service urges a favorable report of House Bill 1018.

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