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Judiciary Committee



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THE MARYLAND HOUSE OF DELEGATES
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Chairman Clippinger, Vice Chair Bartlett, and Members of the Committee,

I am Delegate N. Scott Phillips from the 10th Legislative District, and I am honored to appear before you today to request a favorable report on HB0625, the Transfer of Deed Upon Death.

HB0625 is commonsense legislation that provides Maryland property owners with a simple, straightforward option to pass on their homes and other real property to their loved ones or beneficiaries without the need for a will. The Transfer of Deed is a short, notarized document filed with the Recorder of Deeds that includes identifying information about the property owner, a description of the property, and the designated beneficiaries. This simple form is already in use in the District of Columbia, Virginia, and over thirty additional jurisdictions, where it has proven to be an effective means of transferring title upon the death of the property owner without going through probate.

This legislation will provide a vehicle for passing on property to beneficiaries without the burdensome process of probate. Why is that important in Maryland?

1. **Preserving Intergenerational Wealth:** Homeownership is a critical way to build wealth, particularly across generations. In areas with increasing property values, a home can capture years of appreciated value. For many multi-generational households, the majority of the family's wealth is tied up in the home. If the property is part of an estate with multiple heirs, it may take years to gain clear title. Until a tangled title is resolved, access to that wealth is restricted, and residents cannot fully leverage the home's value or protect it for future generations. Without a deed, they cannot sell the home or create an estate plan to pass it on.
2. **Reducing Legal and Financial Barriers:** Property heirs may not understand the probate process required by law and often cannot afford an attorney to guide them through it. Failure to go through probate can create additional problems. Heirs may live in a property for years without transferring title, incurring property taxes and liens on unpaid taxes of the deceased owner. When discovered, these debts may be insurmountable, making it difficult to qualify for a mortgage or loan, often resulting in foreclosure.
3. **Protecting Against Predatory Practices:** Where there are multiple heirs, one heir can sell their fractional interest to an investor, who can then petition the court for a partition sale of the property—a tactic used by investors to acquire property at a fraction of its value.

4. **Preventing Loss Due to Tax Liens:** Tax liens are a common reason families lose their property. If heirs are unaware of property tax obligations or utility liens, they can quickly fall into delinquency, leading to foreclosure. In Maryland, when property taxes go unpaid, a lien can be sold to a third party. The lienholder can demand repayment with high interest, fees, and costs, which many heirs cannot afford. If unpaid, the lienholder can foreclose on the property, stripping the heirs of their accumulated equity.

In short, each of these outcomes causes heirs to lose their family home and strips families of intergenerational wealth, setting them back financially. The Pew Charitable Trust published a study in August 2021 highlighting the prevalence of tangled titles in Philadelphia and the harsh consequences for heirs inheriting homes without a will. The study found that more than 10,000 residential properties, collectively worth over \$1 billion, were affected by tangled titles. The neighborhoods most impacted were those with lower housing values, lower incomes, and higher poverty rates.

Some argue that Maryland does not need a mechanism like Transfer on Death Deeds because other mechanisms exist to transfer title without probate, such as life estates or revocable living trusts. While these options are effective, they are complex legal instruments that typically require an attorney knowledgeable in estate law, which can be costly and inaccessible for many families.

Transfer on Death Deeds have been adopted by 32 states and the District of Columbia, providing residents with a simple, efficient, and cost-effective method for directing their inheritance. This legislation will primarily benefit individuals and families with simple estates, offering them a straightforward option to secure their beneficiaries' inheritance without unnecessary legal costs. Maryland remains the only jurisdiction in the DMV without this simple, widely used mechanism. The District of Columbia passed similar legislation in 2013 and has recorded over 250 Transfer on Death deeds since the beginning of 2025.

Let's give Maryland property owners the same advantage and a valuable tool to help preserve intergenerational wealth.

Respectfully submitted,

N. Scott Phillips