



**House Bill 1018 – Financial Institutions – Conventional Home Mortgage
Loans – Assumption and Required Disclosures
Hearing on February 18, 2025 – Finance Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 1018 in response to a request from Senator Dawn Gile.

Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state’s largest nonprofit law firm, representing thousands of low-income Marylanders every year in matters related to housing, foreclosure, family law, social security and public benefits. Because HB 1018 requires that financial institutions add a provision in mortgages allowing for parties awarded the home in a divorce case to assume the mortgage, MLA testifies in strong support of this bill.

MLA represents homeowners in mortgage foreclosure proceedings. In our experience, it is common for a divorce to make resolving mortgage issues difficult. If the mortgage is only in one of the martial parties’ name, even if the other party is awarded the property, the mortgagor may refuse to speak to the other party in connection to the mortgage loan. This can make it impossible for the party who was awarded the property to communicate with the mortgage company or even pay the mortgage over the phone or online, because some mortgagors refuse to take a payment from a party that is not on the loan.

MLA recently assisted a client in a foreclosure case who faced this situation. She was able to obtain a loan modification to cure the default, but the mortgagor refused to take a telephone or online payment from her because she was not on the loan. Therefore, she was forced to send the mortgage payment via mail, which can cause a lot of difficulties and delay. HB 1018 makes it clear that if a party is awarded the property in a divorce and can pay the mortgage, that party can assume the mortgage, which would allow the new owner to pay the mortgage and resolve any issues they have with the mortgagor directly. HB 1018 prevents a mortgage default caused simply because a divorce had changed ownership of the property.

This bill makes it easier for a party obtaining a home in a divorce to be able to pay and manage their mortgage payments. MLA strongly supports HB 1018. If you need additional information in regard to this bill, please contact William Steinwedel at wsteinwedel@mdlaborg and (410) 951-7643.