



## Maryland General Assembly – Tuesday, February 18, 2025

Good morning. It is a pleasure to be with you today. My name is Margo Cook, and I serve as President, Wealth and Engagement Planning at Rothschild Capital Partners. I am a Certified Financial Planner®, Certified Divorce Financial Analyst® professional, a Chartered Advisor in Philanthropy®, and a Certified Fund Raising Executive ®.

I grew up right here in Annapolis and attended St. Mary's, before earning my B.B.A. from the University of Miami. Throughout much of my professional career, I have had the privilege of assisting Maryland residents, guiding them through complex financial transitions and helping them secure their financial futures.

I work with divorcing individuals who need financial support nearly every day, as our Divorce Wealth Planning practice comprises a significant portion of my portfolio at Rothschild Capital Partners.

Through my work, I have seen firsthand the financial challenges that individuals—particularly those navigating the complexities of divorce—face when seeking to assume a mortgage on their marital home. These challenges are not only financial but also structural, as various hurdles exist within the mortgage lending system that can make it difficult for a divorcing individual to retain home ownership.

In my experience, some divorcing individuals face difficulties in obtaining a mortgage assumption, even when the terms of their loan permit it. I have spoken with clients who reported encountering the following obstacles:

- Being informed that their mortgage was not assumable, despite loan terms suggesting otherwise.
- Being told they would need to pay significant fees—sometimes tens of thousands of dollars—to assume an existing mortgage.
- Being denied a mortgage assumption despite demonstrating sufficient income to meet ongoing payment obligations.

While I do not suggest that all lenders engage in these practices, market conditions may create an incentive for lenders to prefer refinancing over mortgage assumptions. When interest rates rise, lenders may be more inclined to approve refinances at higher rates than to allow borrowers to retain their existing, lower-interest loans. In some cases, I have observed instances where fees for mortgage assumptions appear to exceed standard administrative costs, adding financial strain for divorcing individuals seeking to maintain homeownership.



House Bill 1018 and Senate Bill 689 would help address these challenges by requiring mortgage lenders, banking institutions, and credit unions to include assumption provisions in all conventional home mortgage loans. These provisions would allow an existing borrower in a divorce proceeding to assume the mortgage of the marital home—provided they meet the lender’s financial qualification requirements—rather than being required to refinance at a higher rate.

The legislation also enhances transparency by requiring lenders to disclose assumption provisions in writing to loan applicants prior to completing a mortgage application. This ensures that borrowers have a clear understanding of their rights and options from the outset.

A key provision of HB 1018 / SB 689 is its retroactive application, ensuring that borrowers with existing conventional mortgages can benefit from the law, rather than limiting relief only to future borrowers. Without this retroactive effect, the bill would fail to protect those most affected—individuals currently navigating divorce who are struggling to maintain homeownership under unfavorable market conditions.

Over the past several years, interest rates have risen dramatically. Many divorcing homeowners currently hold low-interest-rate mortgages, and refinancing at today’s higher rates would impose significant financial hardship. Preserving these existing terms can be the difference between maintaining homeownership or being displaced. For parents, the impact is even greater, as keeping the family home often means preserving stability for their children—allowing them to stay in the same school district, maintain social networks, and remain in a familiar and supportive environment.

In my view, the retroactive application of these bills does not create additional financial risk for lenders. HB 1018 and SB 689 do not require lenders to approve unqualified applicants; financial institutions would retain full discretion to deny an assumption if the borrower does not meet the necessary financial criteria. Rather, this legislation removes barriers to assumption where a borrower is otherwise qualified and ensures that those eligible for an existing mortgage are not unnecessarily forced into a more expensive refinancing arrangement.

By ensuring that mortgage assumptions remain a viable option for divorcing homeowners, HB 1018 and SB 689 address a critical gap in housing and lending policy. This legislation will help prevent unnecessary displacement, support financial stability, and create a fairer and more transparent mortgage assumption process.