



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY NOTICE



August 19, 2025

New Maryland Law: Mortgage Assumption Upon Divorce

During its 2025 session, the Maryland General Assembly enacted [House Bill 1018](#), which was subsequently signed into law by Governor Wes Moore. Effective October 1, 2025, the law requires certain mortgage loans to include a provision permitting a borrower, following a divorce decree awarding them the property, to assume the loan and purchase the co-borrower's interest in the property, provided the mortgage holder determines the borrower qualifies for the assumption.

Coverage

The assumption requirement applies to any “conventional home mortgage loan” that is not already required by Maryland or federal law or regulation to be assumable in connection with divorce. A “conventional home mortgage loan” is defined as “any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate on which a dwelling is constructed or intended to be constructed.” The definition specifically excludes loans insured or guaranteed by the federal government.

Disclosure

The law requires lenders to provide written disclosure to any applicant for a conventional home mortgage loan regarding the existence of the assumption provision in the event of divorce. This disclosure must be provided before the loan application is completed, and lenders are expected to retain documentation showing that the disclosure was made.

Retroactivity

House Bill 1018 provides that the assumption requirement shall be construed to apply retroactively to any conventional home mortgage entered into prior to the effective date of the law. For these existing loans, if the loan amount exceeds the lending limits set by the Federal Housing Finance Agency, the loan is deemed to include a provision authorizing assumption upon divorce. Accordingly, if a decree of absolute divorce is entered on or after October 1, 2025, an existing borrower may assume the other borrower's share of the mortgage and purchase their interest in the property, subject to lender qualification review.

Contact

For questions about this advisory, please contact Assistant Commissioner Clifford Charland, by phone at 410-230-6167 or by email at clifford.charland@maryland.gov.

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