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A Game-Changer for Divorcing Homeowners in Maryland

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By Samantha H. Kravitz

One of the biggest challenges for divorcing clients is determining how to handle the marital home. Even when both parties agree on who will remain in the home, the refinancing hurdle often proves to be insurmountable, especially given the recent climb in interest rates. Starting October 1, 2025, a new Maryland law will give divorcing homeowners the chance to stay in their home without refinancing. Same loan. Same interest rate. Same mortgage payment. But goodbye to financial entanglement with your spouse.

For years, I have counseled homeowner clients on how to keep their home while removing their spouse from liability. Most people can't pay off their entire mortgage, so it meant having to refinance into a new loan, which often involved higher interest rates, closing costs, and the challenge of qualifying alone. If refinancing wasn't an option, homeowners would either have to sell the home or convince their spouse to stay financially connected on the mortgage. The options weren't ideal.

Starting October 1, 2025, Maryland is changing the game. A new law requires certain mortgage lenders to allow a divorcing spouse to assume the mortgage, that is, take over the mortgage without refinancing. (House Bill 1018). The spouse assuming the mortgage can keep their same mortgage payment and avoid refinancing fees such as closing costs and appraisals. The law applies to new loans but can also be retroactively applied to loans obtained prior to October 1, 2025, if the divorce decree is entered on or after October 1, 2025.

Of course, every law has exceptions. The new law applies to most conventional mortgages, which are commonly used by Maryland families when purchasing a home. It doesn't automatically cover government-backed loans like FHA, VA, or USDA, or mortgages from major national banks such as Wells Fargo, Chase, or Bank of America. That said, assumption may still be possible with those loans. In fact, we have helped some clients successfully arrange assumptions even before this law has gone into effect.

Even though lenders will be required to offer assumption, homeowners will still have to meet the lender's requirements to qualify for the loan. A skilled family law attorney can assist with crafting a settlement or obtaining a judgment that improves the chances of qualifying and gives families the best opportunity to stay in their home.

This new law helps Maryland families worry about one less thing when getting divorced. The law will help families stay in their home, keep children in their same schools, and maintain a sense of normalcy during a time of change.