

SB 1169_MDCC_Real Estate Brokers – Commercial Tran

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Position: FAV



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Favorable

Senate Bill 1169

Real Estate Brokers – Commercial Transactions – Buyer’s Rights

Senate Education, Energy, and the Environment Committee

Tuesday, April 2, 2024

Dear Chairman Feldman and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Senate Bill 1169 establishes requirements and prohibitions for commercial real estate transactions related to a buyer’s right to make certain title, settlement, and escrow selections.

Granting the buyer the right to select their own title, settlement or escrow company, or title lawyer promotes transparency and alignment of interests, and enables a more customized and efficient transaction process. The change sought in SB 1169 would also match the current standards for buyer’s rights in residential real estate transactions.

States that allow buyers to select their own title company or service providers may gain a competitive advantage over those with more restrictive regulations. Businesses engaging in commercial real estate deals typically prioritize jurisdictions where they possess more autonomy and can bargain for favorable terms and pricing for services. Every commercial real estate transaction is unique, with its own set of complexities and requirements. Businesses are also more likely to invest in states where they can navigate transactions with confidence and ease.

A buyer in a commercial real estate transaction should have the freedom to choose their own title and settlement company, especially as it would bring more business to local title companies and small business, ultimately contributing to a more competitive market for title services in Maryland.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report on SB 1169**.

MDCHAMBER.ORG

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

Testimony of Howard Perlow SB1169.pdf

Uploaded by: Howard Perlow

Position: FAV

Testimony of Howard Perlow
Executive Vice President of Residential Titles & Escrow
and Commercial Settlement Services, LLC.

Senate Bill 1169
April 2, 2024

Thank you Chair Feldman, Vice Chair Kagan, and Members of the Committee. Thank you for taking the time to listen to my thoughts on SB 1169. My name is Howard Perlow and I am the Executive Vice President of Residential Title and Escrow and Commercial Settlement Services, LLC located in Owings Mills, Maryland for the last 45 years. My company is presently licensed in 35 states of the USA. I'm testifying today in support of SB 1169, Real Estate Brokers – Commercial Transactions – Buyers Rights, the crossfile to H.B. 697, which passed the house unanimously.

The State of Maryland has had a law for many years that gives a residential home buyer the absolute right to select the title settlement company of his choice. The seller cannot direct the buyer to use the seller's title company. This bill is to provide buyers of commercial property in the State of Maryland the same right to designate and choose the title company he or she wishes to use to handle a purchase transaction.

Over the last 5-10 years, my company as well as my competitors here in Maryland have found that many large institutional sellers, such as REITs (Real Estate Investment Trusts), major shopping center owners, and office building owners began to tell members of the commercial real estate industry here in Maryland that they would only sign a contract to sell their property if the buyer agreed in the contract to use the title company designated by the seller, or they would refuse to sell. Many Lenders who owned foreclosure properties that they were selling also made the buyer use their designated title companies. The real question is why would a buyer even want to use the seller's title company and trust them to conduct the closing properly and for the protection of the buyer.

Many of those companies designated by the sellers in their contracts are title companies located in other states, sometimes not even licensed here in Maryland. Their ability to properly and efficiently conduct these closings are lacking and many times transfer and loan documents

are not recorded in the land records for 6 to 12 months by these out of state title companies. The revenue generated by these closings conducted by companies from New York, California, Texas and many other states does not remain in the State of Maryland, and many times we believe is not taxed under Maryland Law.

Our buyers would much rather use a local, competent title company they trust and have an ongoing relationship with, and have confidence in, to get to the finish line. But the bottom line is they want to purchase a particular property, so they acquiesce to the seller's demand so they don't lose the opportunity to purchase the property. You will hear testimony from several different commercial real estate buyers who just in the last 6 months were required to use the seller's title company in the contract of sale, with great difficulty.

I thank you for your time today, and I request a favorable report on Senate Bill 1169.

MBIA Letter of Support SB1169.pdf

Uploaded by: Lori Graf

Position: FAV

April 2, 2024

The Honorable Brian Feldman
Chairman, Senate Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE Support SB1169 - Real Estate Brokers – Commercial Transactions – Buyer’s Rights

Dear Chairman Feldman,

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding SB1169 Estate Brokers – Commercial Transactions – Buyer’s Rights. MBIA supports this measure, as it would promote the transparency between buyer and seller.

The bill would require that contracts contain statement that buyer has the right to select its own settlement agent, title company, title lawyer, or escrow company. It stipulates that real estate brokers and sales professionals may not require, as a condition of closing, a buyer to employ a settlement agent, title company, title lawyer, or escrow company of its choice, and require that contracts contain a statement that seller may offer seller financing as a condition of a contract, and a seller shall not be prohibited financing as a condition of settlement.

For these reasons, we respectfully request the Committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Education, Energy, and the Environment Committee

SB1169 - Real Estate Brokers - Commercial Transact

Uploaded by: Tom Ballentine

Position: FAV



April 1, 2024

The Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
Miller Senate Office Building, 2 West
Annapolis, MD 21401

Support: SB 1169 – Real Estate Brokers – Commercial Transactions – Buyers Rights

Dear, Chair Feldman and Committee Members:

NAIOP represents 22,000+ commercial real estate professionals in the United States and Canada. Our Maryland membership is comprised of a mix of local firms and publicly traded real estate investment trusts that have long-standing investments in Maryland but also have experience in national and international markets. NAIOP members deliver office, mixed use, multi-family, and warehouse developments that meet the changing ways that people work, live, shop and play. On behalf of our member companies, I am writing to support Senate Bill 1169.

This bill provides that buyers of commercial real estate have the right to choose their own title company, settlement company, escrow company or title attorney. These provisions mirror language in residential sales contracts that provide buyers the same right to choose who does this work for them.

Local knowledge and existing relationships can be crucial to accomplishing smooth closing and recording of commercial real estate transactions.

We believe purchasers should have the option of either using the seller's recommended services or choosing their own representatives.

For these reasons, NAIOP respectfully requests your favorable report on Senate Bill 1169.

Sincerely,

A handwritten signature in blue ink that reads "T.M. Ballentine". The signature is written in a cursive style and is positioned above a faint, light blue rectangular stamp or watermark.

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Education, Energy, and the Environment Committee Members
Nick Manis – Manis, Canning Assoc.