

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

House Bill 697
February 20, 2024

Mr. Chairman, members of the House Environment and Transportation Committee;
Thank you for taking the time to listen to my thoughts on HB 697. 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.

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 ask you to support House Bill 697.