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Health and Government Operations  
Committee

*Chair*

Health Occupations and  
Long-Term Care Subcommittee

*House Chair*

Joint Committee on Administrative,  
Executive, and Legislative Review



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Testimony of Delegate Samuel I. Rosenberg  
Before the Environment and Transportation Committee  
In Support of  
**House Bill 1408**  
**Residential Property – Assignment of Contracts of Sale –**  
**Disclosure Requirements and Rescission**

Mr. Chairman and Members of the Committee:

House Bill 1408 would require individuals who conduct wholesaling transactions of residential property to disclose that fact to sellers and purchasers of that residential property. In addition, it provides a right of rescission for consumers who are not given the required disclosure.

The practice of real estate wholesaling occurs when a home seller attempts to sell an interest in a property to another purchaser (the wholesaler), who then sells the beneficial interest in the property to another purchaser who will assume title of the property. Wholesalers target properties that can be obtained well below market value that they believe can be sold for a higher price. After a wholesaler's offer to purchase is accepted, the wholesaler will then market the property with the intent of selling the property at a higher price.

In these types of transactions, sellers and purchasers are often unaware of the wholesaler's role. Concerns may arise about whether the wholesaler has fully disclosed to the eventual buyer that the transaction is an assignment rather than a traditional sale; whether the contingencies negotiated by the wholesaler extend to the new buyer; and whether the wholesaler has properly advertised the property and their financial interests in it.

HB 1408 would clarify these concerns. It provides an explicit disclosure to both the title holder/seller of the property and the end purchaser of the property who hopes to obtain title. The wholesaler's status is more of a facilitator, which will be disclosed. If it is not disclosed, the title holder/seller and the end purchaser will have an unconditional right to rescind the contract and receive any deposit money back.

This amended bill is supported by the Maryland realtors, Maryland land title, and the wholesalers.

HB 1408 will provide important disclosures to Maryland home sellers and buyers and I request the committee give HB1408 a FAVORABLE WITH AMENDMENTS report.

March 5, 2024