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Health and Government Operations  
Committee

*Chair*

Health Occupations and  
Long-Term Care Subcommittee

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Joint Committee on Administrative,  
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Testimony of Delegate Samuel I Rosenberg  
Before the Environment and Transportation Committee

In Support of

**House Bill 124**

**Bill Title Residential Property - Assignment of Contracts of Sale - Disclosure Requirements  
and Rescission**

Mr. Chairman and Members of the Committee:

House Bill 124 requires individuals involved in the wholesaling of owner-occupied residential property to disclose their role to both the seller and the purchaser. Additionally, the bill provides a right of rescission for consumers who do not receive the required disclosures.

Real estate wholesaling occurs when a wholesaler enters into a contract with a property owner to purchase the property and subsequently assigns the contract to another buyer for a fee, without ever holding legal title. Wholesalers typically target properties that can be acquired below market value and sold at a higher price. These transactions often leave sellers and purchasers unaware of the wholesaler's involvement or the true nature of the transaction. This lack of transparency can lead to concerns over whether the wholesaler has fully disclosed his or her role to all parties, whether contingencies in the original contract apply to subsequent buyers, and whether the wholesaler has accurately represented his or her financial interests and the transaction details.

House Bill 124 directly addresses these concerns by requiring written disclosures to both the property owner and the end purchaser. A wholesale buyer must disclose to the property owner that the contract of sale may be assigned to another individual. Similarly, a wholesale seller must disclose to a prospective buyer that he or she holds only an equitable interest in the property and may not be able to convey legal title.

The bill also establishes clear remedies for noncompliance. If these disclosures are not provided, property owners have the right to rescind the contract without penalty at any time before closing, even if the contract has been assigned. End purchasers have the same right to

rescind and are entitled to a full refund of any deposit paid. These protections seek to ensure transparency and fairness for all parties involved in the transaction process.

This legislation provides critical safeguards for Maryland home sellers and buyers, increasing consumer confidence in residential real estate transactions. It is supported by stakeholders such as the Maryland Realtors, Maryland Land Title Association, and wholesalers who recognize the importance of these consumer protections.

Last year House Bill 1408 passed this committee and the House floor. Although the Bar Association supported amendments offered last year, they do have additional amendments this year, which are acceptable to me.

For these reasons, I respectfully urge the committee to issue a **favorable** report on House Bill 124.

Thank you for your consideration.