

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 1408

(Delegate Rosenberg)

Environment and Transportation

Judicial Proceedings

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**Residential Property – Assignment of Contracts of Sale – Disclosure  
Requirements and Rescission**

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This bill (1) requires a “wholesale buyer” or “wholesale seller” to provide specified disclosures in a contract of sale for “residential property” and (2) authorizes the rescission of a contract (and requires the refund of any deposit) under specified circumstances related to the required disclosures. The bill’s provisions are not applicable to sales that are proceeding under Maryland Rule 14-215 (foreclosures). The bill applies prospectively only and may not be applied or interpreted to have any effect on or application to any contracts of sale for residential property executed before the bill’s October 1, 2024 effective date.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** A “wholesale buyer” means a person that enters into a contract of sale with an owner of owner-occupied residential property in order to assign the contract to another person for a monetary assignment fee. A “wholesale seller” means a person that, without holding legal title to owner-occupied residential property (1) enters into a contract of sale for the property and (2) assigns the person’s beneficial interest in the property to another.

“Residential property” means property improved by four or fewer single-family dwelling units that are designed principally and are intended for human habitation.

Prior to entering into a contract of sale for residential property, a wholesale *buyer* must provide written disclosure to the owner of the property that the wholesale buyer may assign the contract of sale to another person. An owner of residential property may rescind a contract of sale to a wholesale buyer (or the assignee or successor) without penalty at any time prior to closing if the wholesale buyer (1) fails to provide proper notice and (2) assigns the contract of sale. This right applies regardless of any provision of a contract or any other agreement.

Prior to entering into a contract of sale for residential property, a wholesale *seller* must provide written disclosure to the prospective buyer that the wholesale seller holds an equitable interest in the property and may not be able to convey title to the property. If such notice is not provided, the buyer has the right to rescind the contract without penalty at any time prior to closing, regardless of any provision of a contract or any other agreement. A buyer rescinding a contract because of the lack of notice is also entitled to a refund of any deposit paid for the property.

**Current Law:** Statutory provisions set forth numerous requirements regarding statements, disclosures, and notices in contracts for the sale of property, including provisions relating to:

- notice of estimated deferred water and sewer charges;
- notice that the subject property may be located in a “critical area” of the Chesapeake Bay and Atlantic Coastal Bays;
- notice of specified development impact fees;
- notice of protection by the Real Estate Guaranty Fund;
- notices related to deposits, specified contractual provisions, and warranties; and
- notice that the subject property may be located in a zone of dewatering influence.

Many requirements regarding such statements, disclosures, and notices vary depending on the type of property at issue and/or the jurisdiction where the property is located. Generally, unless otherwise specifically provided, a contract of sale is not rendered invalid by the omission of any statement, disclosure, or notice.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2024  
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