

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 396 (Senator Zirkin)  
Judicial Proceedings

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**Real Property - Use of Coercion, Threat, or Intimidation - Contracts Void**

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This bill prohibits a person from coercing, threatening, or intimidating a property owner to induce the property owner to enter into a specified contract to sell property or grant an easement on the property. Any such contract entered into in violation of the bill's provisions is void. A violation also voids any other contract for the sale of property or for the grant of an easement on property entered into for the same project as the project for which the contract was voided. The bill only applies to a contract entered into with a private company regulated under the federal Natural Gas Act or a public service company.

The bill does not impair in any way a presently existing obligation or contract right.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State governmental operations or finances.

**Local Effect:** The bill does not directly affect local governmental operations or finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** The bill defines "coerce, threaten, or intimidate" as to compel or attempt to compel another by threat of condemnation or other adverse consequences. The term includes any discussion of condemnation or of instituting a condemnation proceeding against a person's property.

The bill authorizes a property owner that has entered into a contract with a person in violation of the bill's provisions to bring an action to void the contract in the circuit court for the county in which the property is located. If the court finds that a violation has occurred, the court may (1) award damages to the property owner not exceeding three times the compensation offered in the contract and (2) order the person to pay all court costs and reasonable attorney's fees of the property owner.

**Current Law/Background:** A legally binding contract must be mutually agreed upon. This mutual acceptance is commonly known as a "meeting of the minds." If one party's acceptance is obtained through duress, undue influence, or misrepresentation, a meeting of the minds has not occurred and the contract is void, that is, the contract is not binding. Duress is the improper threat of harm that induces a party to assent to the contract's terms. Undue influence occurs when one party takes advantage of a weakness of the other party or breaches a fiduciary relationship with the other party.

These concepts are found in State law. For example, a person is prohibited from knowingly and willfully obtaining by deception, intimidation, or undue influence the property of an individual that the person knows or reasonably should know is either a vulnerable adult or an adult age 68 or older. Additionally, Chapter 97 of 2011 (HB 102) established protections for real estate appraisers and other individuals from undue influence or coercion by mortgage loan originators in connection with a mortgage loan or loan application.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1324 (Delegate Stein, *et al.*) - Environmental Matters.

**Information Source(s):** State Department of Assessments and Taxation, Judiciary (Administrative Office of the Courts), Maryland Association of Counties, Maryland Municipal League, Public Service Commission, The People's Law Library, Lexis Nexis, Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2013  
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