

HOUSE BILL 222

N1

9lr1221

By: **Delegate Holmes**

Introduced and read first time: January 23, 2019

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Residential Real Estate Transactions – Escrow Agents**

3 FOR the purpose of requiring an escrow agent to enter into a written agreement with the
4 purchaser and seller of certain residential real estate before the escrow agent may
5 hold trust money in escrow for the residential real estate transaction; requiring a
6 written agreement an escrow agent enters into with the purchaser and seller of real
7 estate under certain circumstances to contain certain information; defining certain
8 terms; providing for the application of this Act; and generally relating to escrow
9 agents and residential real estate transactions.

10 BY adding to

11 Article – Real Property

12 Section 10–802

13 Annotated Code of Maryland

14 (2015 Replacement Volume and 2018 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Real Property**

18 **10–802.**

19 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

21 **(2) “BENEFICIAL OWNER” MEANS A PERSON OTHER THAN THE**
22 **OWNER OF THE TRUST MONEY FOR WHOSE BENEFIT AN ESCROW AGENT IS**
23 **ENTRUSTED TO HOLD TRUST MONEY.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) "ESCROW AGENT" MEANS A PERSON ENGAGED IN THE BUSINESS**
2 **OF RECEIVING ESCROWS FOR DEPOSIT OR DELIVERY.**

3 **(4) "TRUST MONEY" MEANS A DEPOSIT, PAYMENT, OR OTHER MONEY**
4 **THAT A PERSON ENTRUSTS TO AN ESCROW AGENT TO HOLD FOR:**

5 **(I) THE BENEFIT OF THE OWNER OR BENEFICIAL OWNER OF**
6 **THE TRUST MONEY; AND**

7 **(II) A PURPOSE THAT RELATES TO A REAL ESTATE**
8 **TRANSACTION INVOLVING REAL ESTATE IN THE STATE.**

9 **(B) (1) THIS SECTION DOES NOT APPLY TO:**

10 **(I) A PERSON DOING BUSINESS UNDER A STATE OR FEDERAL**
11 **LAW THAT RELATES TO BANKS, TRUST COMPANIES, BUILDING AND LOAN**
12 **ASSOCIATIONS, OR SAVINGS AND LOAN ASSOCIATIONS;**

13 **(II) A HOMEBUILDER REGISTERED UNDER TITLE 4.5 OF THE**
14 **BUSINESS REGULATION ARTICLE WHO IS ENGAGED IN THE INITIAL SALE OF**
15 **RESIDENTIAL REAL ESTATE; OR**

16 **(III) A REAL ESTATE SALESPERSON OR REAL ESTATE BROKER**
17 **LICENSED UNDER TITLE 17 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS**
18 **ARTICLE.**

19 **(2) THIS SECTION APPLIES ONLY TO REAL PROPERTY IMPROVED BY**
20 **FOUR OR FEWER SINGLE-FAMILY DWELLING UNITS THAT ARE DESIGNED**
21 **PRINCIPALLY AND ARE INTENDED FOR HUMAN HABITATION.**

22 **(C) (1) BEFORE AN ESCROW AGENT MAY HOLD TRUST MONEY IN ESCROW**
23 **FOR A RESIDENTIAL REAL ESTATE TRANSACTION, THE ESCROW AGENT MUST ENTER**
24 **INTO A WRITTEN AGREEMENT WITH THE PURCHASER AND SELLER OF THE**
25 **RESIDENTIAL REAL ESTATE.**

26 **(2) THE WRITTEN AGREEMENT UNDER THIS SUBSECTION MUST**
27 **CONTAIN THE FOLLOWING INFORMATION:**

28 **(I) THE AMOUNT OF THE TRUST MONEY ENTRUSTED TO THE**
29 **ESCROW AGENT;**

30 **(II) THE DATE THE TRUST MONEY WAS ENTRUSTED TO THE**
31 **ESCROW AGENT;**

1 **(III) THE RESPONSIBILITY OF THE ESCROW AGENT TO NOTIFY**
2 **THE PURCHASER AND SELLER OF TRUST MONEY RETURNED DUE TO INSUFFICIENT**
3 **FUNDS;**

4 **(IV) THE CONDITIONS UNDER WHICH THE ESCROW AGENT MAY**
5 **RELEASE THE TRUST MONEY; AND**

6 **(V) THE PROCESS TO ADDRESS DISPUTES OVER THE RELEASE**
7 **OF THE TRUST MONEY.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2019.