

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1169

(Senator Hershey)

Education, Energy, and the Environment

Environment and Transportation

Real Estate Brokers - Commercial Transactions - Buyer's Rights

This bill requires each real estate contract submitted to a party by a real estate broker, a nonresident real estate broker, an associate real estate broker, a real estate salesperson, or a nonresident real estate salesperson for use in the sale of a commercial real estate to contain, in bold-faced type, a statement that the buyer has the right to select the buyer’s own (1) title insurance company; (2) settlement company; (3) escrow company; or (4) title lawyer. The required statement must also contain, in bold-faced type, a statement that a seller may not be prohibited from offering owner financing as a condition of settlement. The bill establishes similar requirements for commercial real estate transactions.

Fiscal Summary

State Effect: The bill does not materially affect Maryland Real Estate Commission (MREC) finances or operations.

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

Small Business Effect: Minimal.

Analysis

Bill Summary: “Commercial real estate” is defined as (1) real property improved by five or more single-family units; (2) improved and unimproved real property zoned for commercial, industrial, or nonresidential use by the local zoning authority of the county or municipality in which the property is located; or (3) unimproved real property zoned for improvement as multifamily units by the local zoning authority of the county or municipality in which the property is located. However, “commercial real estate” does not

include (1) property zoned for agricultural use and (2) single-family units, including a condominium or cooperative housing unit, for sale or for lease, or otherwise conveyed (or to be conveyed) on a single basis.

Current Law: Generally, an individual must be licensed by MREC as a real estate broker before the individual may provide real estate brokerage services in the State. Similarly, an individual must be licensed by the commission as an associate real estate broker or a real estate salesperson before the individual, while acting on behalf of a real estate broker, may provide real estate brokerage services in the State.

Additional Information

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

Designated Cross File: HB 697 (Delegate Griffith) - Environment and Transportation.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - March 21, 2024
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