

SENATE BILL 814

N1, C3

6lr3406
CF 6lr3665

By: **Senator Hayes**

Introduced and read first time: February 6, 2026

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Residential Property – Service Agreement – Defunct Service Providers**

3 FOR the purpose of voiding certain service agreements for residential property entered into
4 before a certain date if the service provider is considered not in good standing with
5 the State Department of Assessments and Taxation on or after a certain date; and
6 generally relating to residential property and service agreements with defunct
7 service providers.

8 BY repealing and reenacting, without amendments,
9 Article – Real Property
10 Section 14–901(a) and (d) and 14–903
11 Annotated Code of Maryland
12 (2023 Replacement Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Real Property
15 Section 14–902(a)
16 Annotated Code of Maryland
17 (2023 Replacement Volume and 2025 Supplement)

18 BY adding to
19 Article – Real Property
20 Section 14–903.1
21 Annotated Code of Maryland
22 (2023 Replacement Volume and 2025 Supplement)

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

25 **Article – Real Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 14-901.

2 (a) In this subtitle the following words have the meanings indicated.

3 (d) (1) "Service agreement" means an agreement where a service provider
4 agrees to provide an individual services for:

5 (i) The maintenance of residential property that the individual
6 owns; or

7 (ii) The purchase or sale of residential property.

8 (2) "Service agreement" includes any memorandum, notice, agreement, or
9 similar document that is used by a service provider to cause a service agreement to be
10 recorded.

11 14-902.

12 (a) **[This] EXCEPT AS PROVIDED IN § 14-903.1 OF THIS SUBTITLE, THIS**
13 subtitle applies only to a service agreement entered into on or after June 1, 2023.

14 14-903.

15 A service agreement, or any part of a service agreement, may not:

16 (1) Be effective for more than 1 year; or

17 (2) (i) Purport to run with the land or bind subsequent bona fide
18 purchasers;

19 (ii) Purport to create a lien, encumbrance, or security interest on the
20 residential property of a party to the service agreement; or

21 (iii) Allow the service provider to assign or transfer the right to
22 provide services under the service agreement to another person without notice or the
23 consent of a party to the service agreement.

24 **14-903.1.**

25 **(A) THIS SECTION APPLIES ONLY TO A SERVICE AGREEMENT WITH A**
26 **SERVICE PROVIDER THAT HAS FORFEITED THE RIGHT OF THE SERVICE PROVIDER**
27 **TO CONDUCT BUSINESS IN THE STATE AND, ON OR AFTER JUNE 1, 2026, IS DEFUNCT**
28 **AND CONSIDERED NOT IN GOOD STANDING WITH THE STATE DEPARTMENT OF**
29 **ASSESSMENTS AND TAXATION.**

(B) A SERVICE AGREEMENT, OR ANY PART OF A SERVICE AGREEMENT, ENTERED INTO BEFORE JUNE 1, 2023, MAY NOT:

(1) BE EFFECTIVE FOR MORE THAN 2 YEARS; OR

(2) (I) PURPORT TO RUN WITH THE LAND OR BIND SUBSEQUENT BONA FIDE PURCHASERS;

(II) PURPORT TO CREATE A LIEN, ENCUMBRANCE, OR SECURITY INTEREST ON THE RESIDENTIAL PROPERTY OF A PARTY TO THE SERVICE AGREEMENT; OR

(III) ALLOW THE SERVICE PROVIDER TO ASSIGN OR TRANSFER THE RIGHT TO PROVIDE SERVICES UNDER THE SERVICE AGREEMENT TO ANOTHER PERSON WITHOUT NOTICE OR THE CONSENT OF A PARTY TO THE SERVICE AGREEMENT.

(C) A SERVICE AGREEMENT, OR ANY PART OF A SERVICE AGREEMENT, THAT VIOLATES SUBSECTION (B) OF THIS SECTION SHALL BE CONSIDERED VOID AND UNENFORCEABLE.

(D) (1) IF A SERVICE AGREEMENT THAT VIOLATES SUBSECTION (B) OF THIS SECTION IS RECORDED, ANY PERSON WITH AN INTEREST IN THE RESIDENTIAL PROPERTY THAT IS SUBJECT TO A LIEN ARISING FROM THE SERVICE AGREEMENT MAY BRING AN ACTION AGAINST THE SERVICE PROVIDER IN THE CIRCUIT COURT OF THE COUNTY WHERE THE RESIDENTIAL PROPERTY IS LOCATED TO REQUEST A DETERMINATION THAT THE SERVICE AGREEMENT IS VOID AND UNENFORCEABLE UNDER THIS SUBTITLE.

(2) A PERSON WHO BRINGS AN ACTION UNDER THIS SUBSECTION MAY SEEK:

(I) COMPENSATORY DAMAGES; AND

(II) REASONABLE ATTORNEY'S FEES AND COSTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2026.