



MD|DC  
Credit Union Association

Chairman William C. Smith  
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Annapolis, Maryland 21401

**SB781: Real Property – Residential Contract of Sale – Buyer Identification**  
**Testimony on Behalf of:** MD|DC Credit Union Association  
**Position:** Oppose

Chairman Smith, Vice-Chair Waldstreicher, and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 77 Credit Unions and their 2.2 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to educate and help members achieve financial well-being. **We respectfully oppose this bill.**

In conversations about this bill, the House sponsor told the MD|DC Credit Union Association that this bill's goal is to limit the demographic data provider to real estate sellers, from potential real estate buyers, **during the offer and bid process.** The problem being addressed is possible discrimination between a person selling real estate and a potential buyer. This all takes place well before the formal contract process begins. **As drafted, this bill does not accomplish the sponsor's goal and is very harmful to consumers.**

From a fundamental legal standpoint, a contract is an agreement between private parties creating **mutual obligations enforceable by law.** The basic elements required for the agreement to be a legally enforceable contract are mutual assent, expressed by a valid offer and acceptance; adequate consideration; capacity; and legality. **Contracts must identify a buyer against whom the contract can be enforced.** Writing "Client A" does not establish capacity of "Client A" or protect both parties in the agreement.

In the scenario contemplated in this bill, the seller and their lender would be potentially contracting with the broker, rather than the buyer. The buyer and broker would have a separate agreement establishing the identity of the buyer, but this agreement is not with the lender or seller. **In Maryland, real estate agents and brokers may generally provide "ministerial" acts, such as assisting a person (a client or a customer) to complete or fill out a contract. However, contracting on behalf of an anonymous buyer goes far beyond any reasonable interpretation of "ministerial act."**<sup>1</sup>

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<sup>1</sup> Md. Art. Bus. Occ. & Prof. §17-528(l)



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There are various ways a party to a contract can remain anonymous (purchase through an LLC, purchase through a nominee). However, contracts entered into by these types of structures are still legally enforceable because there is an identified buyer against whom the contract can be enforced. In these scenarios, the LLC or nominee are assuming the liability of the contract. Even under these legal methods, due to the potential for litigation and risk involved, some credit unions hesitate to lend to parties who wish to purchase in a way that shields their personal identity. Consumer protection and safety and soundness issues are always the priority.

**If the bill language were tailored more towards the sponsor's specific purpose we would likely be neutral.**

As always, we appreciate the ability to have our voices heard and look forward to a continued partnership. Please reach out to me at [jbratsakis@mddccua.org](mailto:jbratsakis@mddccua.org) or our VP of Advocacy, Rory Murray, at [rmurray@mddccua.org](mailto:rmurray@mddccua.org) with comments or questions.

Thank you!

Sincerely,

John Bratsakis  
President/CEO  
MD|DC Credit Union Association