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THE MARYLAND HOUSE OF DELEGATES
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ENVIRONMENT AND TRANSPORTATION COMMITTEE

CHAIR KUMAR BARVE VICE CHAIR DANA STEIN

**HOUSE BILL 0720 : REAL ESTATE - REAL ESTATE BROKERAGE SERVICES AND
TERMINATION OF RESIDENTIAL REAL ESTATE CONTRACTS (THE ANTHONY
MOORMAN ACT)**

SUPPORT

FEBRUARY 22, 2022

Good afternoon Chairman Barve, and Vice Chair Stein. I come to you today to ask for your support for HB 720 – Real Estate - Real Estate Brokerage Services and Termination of Residential Real Estate Contracts (The Anthony Moorman Act).

This bill would require a real estate broker or an escrow agent to distribute trust money to a purchaser within a certain period of time if the purchaser terminates a real estate transaction under the terms of a contingency clause of a contract of sale for residential real estate. The holder of trust money who makes this distribution is responsible for notifying both the seller and purchaser of the distribution within 30 days of delivery after the delivery of the termination notice. It is clearly established that a holder of trust money may not be held liable for a certain decision to distribute the trust money. A claimant aggrieved by a certain distribution of trust money is authorized to file a claim in the District Court.

This bill provides transparency and resolution to the earnest deposit transaction process. An Earnest money deposit is an amount of money given by the buyer to show they're serious about purchasing a home. It's also known as a good faith deposit. These

funds are collected to protect the seller if the buyer backs out. It's typically around 1%-3% of the sale price and is held in an escrow account until the deal is complete.

If the Earnest Deposit is to protect a seller in a real estate transaction, what contingencies are put into place to protect the buyer? How can we be sure that a buyer will receive their earnest deposit back in a timely manner if a home has certain unresolved deficiencies? Withholding money that should rightfully be returned to the buyers would support them in moving forward with a new transaction should they so desire. House shopping is expensive enough without losing money from failed real estate transactions at no fault to the buyer. It is important to have the necessary protections in place to resolve matters such as this. I believe this bill fairly does just that. If a dispute arises over the earnest money deposit between the buyer and seller, both parties have the right to settle them in court.

Today I ask for your consideration of a favorable report for HB 720. Thank you for your time.