



MD|DC
Credit Union Association

Chair Barve
Room 251
House Office Building
Annapolis, Maryland 21401

HB688 – Real Property - Residential Contract of Sale - Buyer Identification

Testimony on Behalf of: MD|DC Credit Union Association

Position: Oppose

The MD|DC Credit Union Association, on behalf of the 70+ 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.

The problem that this bill attempts to address is possible discrimination between a person selling real estate and a potential buyer. **As drafted, this bill does not accomplish the sponsor's goal and is potentially 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 or protect both parties in the agreement. 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. 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.



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Please do not hesitate to contact me at 443-325-0774 or jbratsakis@mddccua.org, should you have any questions. Thank you for your consideration.

Sincerely,

John Bratsakis
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