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Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Hayes in Support of Senate Bill 424: Real Estate - Real Estate Brokerage Services and Termination of Residential Real Estate Contracts (The Anthony Moorman Act)

February 22, 2022

Dear Chairman Smith and Members of the Judicial Proceedings Committee,

Current legislation does not protect potential real estate buyers' trust money when purchases fail to proceed. Section 10-802 of Article Real Property allows the broker to distribute the trust money at will. As this Assembly seeks to amend legislation and ensure equitable opportunity for property ownership, **SB 424** can encourage hesitant buyers to invest in property and rectify some of Maryland's discriminatory history with respect to real estate transactions. When a real estate transaction falls apart, disputes can arise over who should receive the deposit money. Those funds can be held up for long periods of time, preventing buyers from moving forward with another transaction.

SB 424 would automatically return deposit funds to the buyer if they exercised certain contingencies in the contract. This will reduce conflict between buyers and sellers by absolving the trust money holder of any liability in decisions related to distribution of the funds. If there are legitimate disputes between the buyers and sellers it can still be settled in the courts.

New buyers whose trust money is unreturned after a transaction cancellation not only lose one real estate property, but may also be unable to invest in another. The state must reduce these types of barriers so community members from lower socioeconomic status have the opportunity to own real estate.

Thus, I urge a favorable report on **Senate Bill 424**.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes
40th Legislative District - MD