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Legislative District 23

Prince George's County

Judiciary Committee



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THE MARYLAND HOUSE OF DELEGATES Annapolis, Maryland 21401

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Supporting Testimony for HB480 – Real Property – Land Installment Contracts – Requirements and Vendor Duties and Responsibilities

Environment and Transportation Committee

Good afternoon, Chair Korman, Vice Chair Boyce and members of the Environment and Transportation Committee.

For the record, I am Delegate Kym Taylor, representing Prince George's County, District 23.

HB480 proposes to tighten up the language in Maryland's code that deals with Land Installment Contracts. Land Installment Contracts are private, informal agreements that are often the only choice for home ownership for individuals who are credit-challenged or facing an emergency housing crisis.

This bill was previously presented in the last year's session, voted out of committee unanimously, and crossed over to the Senate. While this bill did not make it through the entire Senate, I am hopeful that it can be passed this session.

A Land Installment Contract is like a mortgage, but instead of using a lender, the seller finances the buyer. The buyer takes over property management and makes payments to the seller until they reach the purchase price.

Clearly, there are benefits for both parties. However, historically, these contracts have been associated with predatory selling practices that exploit vulnerable and unsophisticated buyers. Maryland's current regulation framework provides SOME protections for buyers, however, there remains critical gaps that expose Land Installment Contract buyers to abusive seller practices.

HB480 addresses these gaps by requiring provisions like:

- having the buyer and seller sign, date, and receive copies of the executed contract,
- ensuring the seller completes a title search and discloses the findings, and
- including the physical address of the property.
- Lowering the percentage of original cash price paid before the purchaser can assume the property.

In short, strengthening the language to close these gaps will help protect vulnerable home buyers.

With that, I urge a favorable report.