



**House Bill 480 – Real Property – Land Installment Contracts – Requirements and Vendor Duties and Limitations**

**Position: Favorable**

Maryland REALTORS® represents approximately 30,000 real estate licensees in Maryland and supports HB 480 which seeks to provide greater disclosure and a quicker transition in land installment contracts.

Although not common in real estate, land installment contracts can be good tools for renters seeking to purchase a home but not yet in a position financially to afford it. Land installment contracts are agreements between a renter and owner of the property that will allow the renter to pay toward the purchase of the rental property while still a tenant of that property.

HB 480 would make some important changes to the law, including: providing a title search at the time the renter/purchaser enters into the land installment contract; separate notice of liens that may exist on the property; disclosing the amount of the principal and interest for each installment payment; as well as notice about any balloon payment.

Finally, under current law once a purchaser pays more than 40% of the original cash price of the property, the purchaser may demand grant of the premises if the purchaser obtains financing. That 40% trigger would be lowered to 20% under the bill.

Land installment contacts can be useful tools for renters seeking to be homeowners and HB 480 will create a more transparent and fair process. The REALTORS® encourage a favorable report.

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