



Real Property Section

To: Environment and Transportation Committee (House)

From: Legislative Committee of the Real Property Section Council

Date: February 16, 2024 [Hearing Date February 20, 2024]

Subject: **HB 697 – Real Estate Brokers – Commercial Transactions – Buyer’s Rights**

Position: **AMENDED – Favorable with Amendments**

The Real Property Section Council of the Maryland State Bar Association (MSBA) hereby amends its prior written testimony to **House Bill 697 – Real Estate Brokers – Commercial Transactions – Buyer’s Rights** to “favorable with amendments”.

This bill seeks to create a statutory requirement to include a statement that the buyer has the right to choose the title insurance company, settlement company, escrow company or title lawyer when a real estate broker is involved. The bill appears to be modeled after § 17-524 of the Business, Occupations and Professions Code that applies to residential transactions, but omits the protections afforded by subsection “c” (i.e., “A real estate contract is not rendered invalid by the omission of the statement to the buyer required under subsections (a) and (b) of this section.”). In addition, the proposed bill does not contain the language contained in subsection (a)(4) (i.e., “mortgage lender, or financial institution as defined in the Financial Institutions Article”). Such omission makes the current subsection “c” irrelevant.

Thus, we propose deleting the current subsection “c” and replacing it with the following:

(C) THE FAILURE TO INCLUDE THE STATEMENT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF THE CONTRACT OR SUBJECT ANY PERSON TO ANY PENALTY, MONETARY OR OTHERWISE.

We also propose a new section “d” that states:

(D) THE INCLUSION OF THE STATEMENT REQUIRED UNDER SUBSECTION (B) SHALL NOT PROHIBIT THE PARTIES FROM NEGOTIATING ANY TERM OF THE CONTRACT.

If the proposed bill **is amended as stated above**, the Real Property Section Council of the MSBA asks for a **favorable report**. Thank you for your consideration.