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Judicial Proceedings Committee



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THE SENATE OF MARYLAND
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SB664: Real Property - Land Installment Contracts - Requirements and Vendor Duties and Limitations- Favorable

Good afternoon, Chair Smith, Vice Chairman Waldstreicher and honorable members of the Judicial Proceedings Committee,

For the record, I am Senator Nick Charles testifying in support of Senate Bill 664. This Bill aims to enhance the safeguards for individuals engaged in Land Installment Contracts in Maryland. These contracts are non-traditional property financing arrangements where a seller finances a buyer, instead of a bank, with the buyer managing the property and making payments until the full purchase price is met. Land Installment Contracts serve as vital pathways to homeownership, particularly for those facing credit challenges or emergency housing crises.

Benefits exist for both parties engaged in these contracts. However, historically, these types of 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.

SB664 proposes essential amendments to Maryland's code governing Land Installment Contracts, aimed at providing greater protection for buyers. The proposed provisions outlined in this legislation include requiring comprehensive documentation of the contract, including signatures, dates, and copies for both parties and mandatory title searches and disclosure of findings. It also reduces the threshold for consumers to complete purchases from 40% to 20% of the property's original value, facilitating earlier ownership and access to property equity.

This Bill received a unanimous vote in the House during last year's Session, but was scheduled for a Judicial Proceedings Hearing on the 23rd of March and did not have enough time to move forward.

By strengthening the language and closing these regulatory gaps, SB664 will enhance safeguards for Land Installment Contract buyers, mitigating the risk of exploitation and abuse.

I urge a favorable report. Thank you,
Senator Nick Charles

A handwritten signature in black ink that reads "Nick Charles".