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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony for Senator Hayes in Support of Senate Bill 814 - Residential Property - Service Agreement - Defunct Service Providers

Good afternoon, Chair, Vice Chair, and members of the Economic Matters Committee.

For the record, I am Senator Antonio Hayes, and I am pleased to present **Senate Bill 814**. This legislation is a necessary consumer protection measure designed to free Maryland homeowners from predatory service agreements held by defunct and unaccountable companies.

The Issue: Zombie Agreements In 2023, the General Assembly took action to regulate residential service agreements—contracts where a company agrees to provide maintenance or listing services in exchange for a lien or encumbrance on the property. However, that legislation applied prospectively.

We are now seeing a lingering issue: homeowners are trapped in agreements entered into *before* June 1, 2023, with service providers that have since gone out of business or forfeited their right to do business in Maryland. These "zombie agreements" continue to cloud titles and bind homeowners, even though the company itself is defunct and not in good standing with the State.

SB 814 specifically targets these pre-2023 agreements held by bad actors. It applies to service agreements with providers that have forfeited their right to conduct business and are considered **not in good standing** with the State Department of Assessments and Taxation (SDAT) on or after June 1, 2026 .

Under this bill, any such agreement entered into before June 1, 2023, is legally void and unenforceable if it:

1. Purports to be effective for more than 2 years;
2. Purports to run with the land or bind subsequent purchasers;
3. Creates a lien or encumbrance on the property; or
4. Allows assignment without notice or consent.

Importantly, this bill provides a remedy. If such a void agreement has been recorded, a homeowner can bring an action in Circuit Court to clear their title. They may also seek compensatory damages and reasonable attorney's fees .

Conclusion Homeowners should not be held hostage by liens from companies that no longer legally exist to provide the services they promised. Senate Bill 814 provides a clear legal pathway to clean up these titles and protect Maryland property owners.

This Act will take effect on June 1, 2026. I respectfully request a favorable report on Senate Bill 814.

Position: Favorable