

NAIOP

MARYLAND CHAPTERS



THE ASSOCIATION FOR
COMMERCIAL REAL ESTATE

February 3, 2025

The Honorable, Kriselda Valderrama, Chair
House Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

Support w Amendment: HB 200 – Residential Property Sales – Flood Disclosure

Dear Chair, Valderrama and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to support HB 200 with the sponsor amendments. (copy attached)

HB 200 seeks to enhance transparency and promote informed decision making in residential real estate transactions by requiring disclosure of flood risks. The disclosure will include information about a property's flood risk and history based on the FEMA designation of the location. The bill requires the disclosure to be provided via a flood risk disclosure form developed by the Department of the Environment. The amendments further define the scope of the disclosures and type of transactions covered by the disclosure requirement.

Among the amendments is clarification that the HB 200 disclosure applies to residential property improved by four or fewer units. Residential property sales involving more than four units are financed by commercial mortgages and subject to the requirements and practices applied to commercial real estate transactions. Flood risk due diligence in commercial and multifamily transactions is well established and includes lender and investor requirements, modeling of insurance premiums and screening of natural hazards in environmental site assessments.

For these reasons, NAIOP respectfully requests your favorable w/ amendments report on HB 200.

Sincerely,

A handwritten signature in blue ink, appearing to read "T.M. Ballentine".

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Economic Matters Committee Members
Nick Manis – Manis, Canning Assoc.

HB 200
(First Reading File Bill)

On page 3, after line 21, add:

(B) THIS SECTION APPLIES ONLY TO SINGLE FAMILY RESIDENTIAL REAL PROPERTY IMPROVED BY FOUR OR FEWER SINGLE-FAMILY UNITS.

(1) THIS SECTION DOES NOT APPLY TO:

(I) THE INITIAL SALE OF SINGLE FAMILY RESIDENTIAL REAL PROPERTY:

1. THAT HAS NEVER BEEN OCCUPIED; OR

2. FOR WHICH A CERTIFICATE OF OCCUPANCY HAS BEEN ISSUED WITHIN 1 YEAR BEFORE THE VENDOR AND PURCHASER ENTER INTO A CONTRACT OF SALE;

(II) A TRANSFER THAT IS EXEMPT FROM THE TRANSFER TAX UNDER § 13-207 OF THE TAX--PROPERTY ARTICLE, EXCEPT LAND INSTALLMENT CONTRACTS OF SALE UNDER § 13-207(A)(11) OF THE TAX--PROPERTY ARTICLE AND OPTIONS TO PURCHASE REAL PROPERTY UNDER § 13-207(A)(12) OF THE TAX--PROPERTY ARTICLE;

(III) A SALE BY A LENDER OR AN AFFILIATE OR SUBSIDIARY OF A LENDER THAT ACQUIRED THE REAL PROPERTY BY FORECLOSURE OR DEED IN LIEU OF FORECLOSURE;

(IV) A SHERIFF'S SALE, TAX SALE, OR SALE BY FORECLOSURE, PARTITION, OR BY COURT APPOINTED TRUSTEE;

(V) A TRANSFER BY A FIDUCIARY IN THE COURSE OF THE ADMINISTRATION OF A DECEDENT'S ESTATE, GUARDIANSHIP, CONSERVATORSHIP, OR TRUST;

(VI) A TRANSFER OF SINGLE FAMILY RESIDENTIAL REAL PROPERTY TO BE CONVERTED BY THE BUYER INTO A USE OTHER THAN RESIDENTIAL USE OR TO BE DEMOLISHED; OR

(VII) A SALE OF UNIMPROVED REAL PROPERTY.

On page 3, line 22, strike “(B)” and insert “(C)”

On page 3 and 4 strike lines 25 through line 4 on page 4 and insert:

(1) A COMPLETED FLOOD RISK DISCLOSURE STATEMENT FORM DEVELOPED AND PUBLISHED BY THE DEPARTMENT OF THE ENVIRONMENT UNDER SECTION 5-810 OF THE ENVIRONMENT ARTICLE, AND, IF AVAILABLE, A COPY OF THE FEMA ELEVATION CERTIFICATE FOR THE PROPERTY.