

SB 691 - Written Testimony - JPR.pdf

Uploaded by: Mike McKay

Position: FAV

MIKE MCKAY
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Senate Bill 691 – Real Property - Termination of Residential Real Estate Contracts - Contingency Clauses

March 5, 2026

Dear Chair Smith, Vice Chair Waldstreicher, and Members of the Committee,

I am writing to express strong support for Senate Bill 691, *Real Property – Termination of Residential Real Estate Contracts – Contingency Clauses*. This legislation provides much-needed clarity and fairness in Maryland’s residential real estate transactions by refining the definition of “contingency clause” and establishing a clear timeline for the distribution of trust money when a contract is terminated. By ensuring that purchasers can exercise contingency rights without unnecessary delays or disputes, SB 691 strengthens consumer protection and promotes transparency in the home-buying process.

Additionally, the bill introduces a streamlined procedure for escrow agents and licensed real estate brokers to return trust money promptly when no legal action or mediation request has been filed. This change reduces uncertainty for buyers and sellers alike, minimizes litigation, and fosters confidence in Maryland’s real estate market.

I thank you for your time and I urge a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike McKay".

Senator Mike McKay
Representing the Appalachia Region of Maryland
Serving Garrett, Allegany, and Washington Counties

SB 691 - Contingency Clauses - FAV - REALTORS.pdf

Uploaded by: William Castelli

Position: FAV



Senate Bill 691– Real Property - Termination of Residential Real Estate Contracts - Contingency Clauses

Position: Support

Maryland REALTORS® supports SB 691, which clarifies Maryland law governing the return of escrow deposits. Namely, this would now allow an expedited return of deposit when a homebuyer properly exercises any contractual contingency.

In 2023, the General Assembly enacted SB 651 to create an expedited process for returning deposits when certain contingencies were invoked. Nearly all residential real estate contracts contain contingencies—conditions such as inspections, appraisals, or other required events that must occur before a contract becomes binding. Prior to the enactment of SB 651, a seller could impede the return of the buyer’s deposit by not signing the required release form. This left disputed funds in the escrow account for years at a time.

Financing contingencies were excluded from the original legislation because they can be more complex than other contingencies. Unlike inspection or appraisal provisions, financing contingencies often involve third-party lenders, underwriting timelines, and detailed documentation. At the time, there was concern that including financing contingencies in the expedited process could create unintended complications, so the General Assembly took a measured approach to ensure the new framework would function effectively.

In the years since enactment, the expedited return process has provided clarity, efficiency, and fairness for parties exercising contractual contingencies, without creating administrative or legal difficulties. Based on that experience, expanding the process to include financing contingencies is now a prudent and well-supported next step.

The bill also clarifies the mediation process when a seller contests release of the deposit. Under current law, ambiguity exists if a seller elects mediation but fails to participate, leaving buyers in limbo and unable to access their funds. SB 691 provides needed clarity so mediation cannot be used to delay the return of escrow money.

These two updates will strengthen consumer protections while preserving contractual rights. For these reasons, Maryland REALTORS® requests your favorable report on SB 691.

**For more information contact lisa.may@mdrealtor.org
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