

Senate Bill 814 Testimony.pdf

Uploaded by: Antonio Hayes

Position: FAV

ANTONIO HAYES

Annapolis, Maryland 21401

Legislative District 40



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Bill: Senate Bill 814

Title: Residential Property - Service Agreement - Defunct Service Providers

Committee: Judicial Proceedings

Sponsor: Senator Antonio Hayes

Good afternoon, Chair, Vice Chair, and members of the Judicial Proceedings Committee.

For the record, I am Senator Antonio Hayes, and I am here 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

SB814_FAV_EconAction.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: FAV



SB814: Residential Property - Service Agreement - Defunct Service Providers

Position: Favorable

March 11, 2026

The Honorable Pam Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance

Chair Beidle and Members of the Committee,

Economic Action Maryland Fund urges a favorable report on SB914, which would relieve property owners from service agreements where the service provider is no longer operational.

For homeowners who entered a service contract after 2023, Maryland's law protects them from being bound in perpetuity to that contract. These recent contracts cannot last for more than one year, run with the land, or be considered a lien on the property. However, service contracts entered into before that time are not similarly protected.

SB814 would establish protections for homeowners caught up in these older service contracts. It frees homeowners who are bound to a contract with an entity that is no longer in operation, and ensures those contracts will not become an unresolvable lien or encumbrance on the property.

Industry data shows that 50% of home service businesses fail in the first five years.¹ Homeowners with older contracts very often face an impossible situation where they have a contract that cannot be resolved and this legislation would clear them of that conflict.

For these reasons, we urge a favorable report on SB814.

Sincerely,
Jennifer Bevan-Dangel, Deputy Director

¹ <https://www.titansofchange.com/why-80-of-home-service-businesses-fail-in-5-years/>

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

SB 814 - Defunct Services - FAV - REALTORS.pdf

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Position: FAV



Senate Bill 814– Residential Property - Service Agreement - Defunct Service Providers

Position: Support

Maryland REALTORS® represents 28,000 real estate professionals committed to promoting homeownership, protecting property rights, and ensuring a fair and transparent housing market. For this reason, we strongly support SB 814.

In 2023, the Maryland General Assembly enacted legislation prohibiting the future use of Homeowner Benefit Agreements, based on national model legislation developed by the American Land Title Association. Maryland joined a growing national effort—now encompassing more than thirty states—to prohibit these agreements, often referred to as Non-Title Recorded Agreements for Personal Services (NTRAPS).

These arrangements typically offered homeowners a modest upfront payment in exchange for granting a real estate brokerage the exclusive right to list their home for sale in the future, often for terms lasting up to 40 years. The agreements were then recorded in property records and could require homeowners to pay a penalty—often about three percent of the home’s value—if they chose to use a different brokerage.

Consumer protection advocates have raised concerns because these agreements are recorded against the property even though they do not represent a true real property interest, creating encumbrances that can complicate the sale, refinancing, or transfer of a home. The American Land Title Association has warned that such filings undermine the reliability of property records and may unfairly bind future homeowners to obligations they never agreed to.

Because Maryland’s 2023 law was prospective, approximately 1,000 of these agreements remain attached to properties across the state today. Many homeowners now face significant challenges selling or refinancing their homes—particularly since the brokerage that marketed many of these agreements is no longer operating in Maryland.

SB 814 ensures homeowners are not indefinitely burdened by agreements tied to companies that are no longer operating. For these reasons, Maryland REALTORS® respectfully request a favorable report.

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