



House Bill 777 – Real Property - Partition of Property

Position: Support

Maryland REALTORS® strongly supports HB 777 as a means to preserve generational wealth that is acquired through an inherited property.

When property is passed to multiple heirs outside of a formal estate plan or will, those parties hold the property as tenants in common. In this situation, real estate speculators can acquire a small share from a single heir, then force the sale of the property from the remaining heirs. That speculator then purchases the entire property through a court-ordered sale at below market value.

To create protections for heirs, the Uniform Law Commission developed a model statute known as the UHPA. It provides for an appraisal of the property to determine its fair market value, provides advance notice to co-tenants that one of the parties is seeking a partition sale, and allows the remaining co-tenants to purchase interests in the property to prevent a forced sale.

Several studies have noted that left unchecked, the current heirs property process has resulted in a substantial loss of land, has limited economic opportunities, and contributed to the racial wealth and homeownership gaps present today. Analysis from the Federal Reserve Bank of Richmond shows that heirs property exists throughout Maryland, but is most concentrated in the Eastern Shore, Garrett County and Baltimore County. It is disproportionately felt in rural areas and by economically disadvantaged populations who do not have the means to execute detailed estate planning.

As of today, nineteen states have enacted some form of the model Uniform Partition of Heirs Property Act, concentrated across the South and Midwest. Another seven states, including Maryland, are currently considering adoption this year.

Maryland REALTORS® urges your favorable report on HB 777.

For more information contact bill.castelli@mdrealtor.org, susan.mitchell@mdrealtor.org, lisa.may@mdrealtor.org or theresa.kuhns@mdrealtor.org