



Senate Bill 579 – Sales of Residential Real Property – Offers to Purchase and Transfer Tax

Information

Maryland REALTORS® offers the following comments on SB 579.

SB 579 addresses so-called “Homeowner Benefit Agreements” (HBAs), which have recently been offered in Maryland. These agreements provide an upfront payment to homeowners (typically \$500-\$2,000) in exchange for the exclusive right to list their properties for a term of anywhere from 25 to 40 years. These agreements are recorded in the land records of the property and involve a termination fee of 3% of the home value should the property owner choose to violate the terms of the agreement.

Several states have opened investigations into these agreements through their respective Attorneys General on the basis that these agreements have been predatory upon certain racial, ethnic, and socio-economic groups. The outcomes of those investigations are still pending.

As introduced, this bill sought to limit real estate listing agreements to no more than a 1-year term, which Maryland REALTORS® believed would not encompass HBAs. As an alternative, we suggested the approach outlined in the model American Land Title Association legislation.

The amendments adopted by the Senate incorporate this modal language, which we believe addresses Homeowner Benefit Agreements without impacting traditional real estate listing agreements.

We thank you for your consideration of our comments on SB 579.

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