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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Hayes in Support of Senate Bill 579:
Residential Property - Exclusive Listing Agreements - Limit on Duration

March 7, 2023

Chairman Smith and members of the Judicial Proceedings Committee,

Predatory exclusive listing agreements are proliferating throughout Maryland. As Marylanders work to recover from the financial hardships of the pandemic, certain real estate brokers are taking advantage by offering relatively small amounts of cash for exclusive listing rights. Often homeowners receive only four hundred to six hundred dollars in exchange for a 40-year exclusive listing agreement. Not only is this extremely unequal, but there are high costs in order to get out of the agreement. MV Realty, a brokerage involved in this practice, charges a termination fee equal to 3% of the home value, secured by a lien on the property. These “homeowner benefit agreements” target homeowners who are desperate for cash and lack a full understanding of the decadeslong implications.

The Baltimore Banner reported in October 2022, that roughly 400 of these agreements have been recorded in city and county land records across Maryland, and likely more have been signed but not yet recorded. Under SB 579, exclusive listing agreements entered into on or after June 1, 2023, can only be effective for a period of one year by law. This will help protect Maryland homeowners from predatory schemes that take away their rights as homeowners for a disproportionate amount of compensation.

We need legislation such as SB 579 to regulate these highly pervasive agreements that are exploiting homeowners and misleading them into decadeslong commitments that could cost them a lot in the end.

For these reasons, I urge a favorable report on Senate Bill 579.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Antonio L. Hayes'.

Senator Antonio L. Hayes
40th Legislative District – MD