



House Bill 425 – Real Property – Land Installment Contracts – Requirements and Vendor Duties and Limitations

Position: Favorable

Maryland REALTORS® represents more than 30,000 real estate licensees in Maryland and supports HB 425 which seeks to provide greater disclosure and a quicker transition in land installment contracts. HB 425 was passed unanimously in by the House of Delegates.

Although not common in real estate, land installment contracts can be good tools for renters seeking to purchase a home but not yet in a position financially to afford it. Land installment contracts are agreements between a renter and owner of the property that will allow the renter to pay toward the purchase of the rental property while still a tenant of that property.

HB 425 would make some important changes to the law, including: providing a title search at the time the renter/purchaser enters into the land installment contract; separate notice of liens that may exist on the property; the amount of the principal and interest for each installment payment; as well as notice about any balloon payment.

Finally, under current law once a purchaser pays more than 40% of the original cash price of the property, the purchaser may demand grant of the premises as long as the purchaser obtains financing. That 40% trigger would be lowered to 20% under the bill.

Land installment contacts can be useful tools for renters seeking to be homeowners and HB 425 will create a more transparent and fair process. The REALTORS® encourage a favorable report.

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