

HOUSE BILL 697

C3

4lr1763
CF SB 1169

By: **Delegate Griffith**

Introduced and read first time: January 25, 2024

Assigned to: Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2024

CHAPTER _____

1 AN ACT concerning

2 **Real Estate Brokers – Commercial Transactions – Buyer’s Rights**

3 FOR the purpose of establishing certain requirements and prohibitions for commercial real
4 estate transactions related to a buyer’s right to make certain title, settlement, and
5 escrow selections; and generally relating to commercial real estate transactions and
6 buyer’s rights.

7 BY adding to

8 Article – Business Occupations and Professions

9 Section 17–524.1 and 17–607.1

10 Annotated Code of Maryland

11 (2018 Replacement Volume and 2023 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
13 That the Laws of Maryland read as follows:

14 **Article – Business Occupations and Professions**

15 **17–524.1.**

16 **(A) (1) IN THIS SECTION, “COMMERCIAL REAL ESTATE” MEANS:**

17 **(I) REAL PROPERTY IMPROVED BY FIVE OR MORE**
18 **SINGLE–FAMILY UNITS;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(II) IMPROVED AND UNIMPROVED REAL PROPERTY ZONED FOR COMMERCIAL, INDUSTRIAL, OR NONRESIDENTIAL USE BY THE LOCAL ZONING AUTHORITY OF THE COUNTY OR MUNICIPALITY IN WHICH THE PROPERTY IS LOCATED; OR

(III) UNIMPROVED REAL PROPERTY ZONED FOR IMPROVEMENT AS MULTIFAMILY UNITS BY THE LOCAL ZONING AUTHORITY OF THE COUNTY OR MUNICIPALITY IN WHICH THE PROPERTY IS LOCATED.

(2) "COMMERCIAL REAL ESTATE" DOES NOT INCLUDE:

(I) PROPERTY ZONED FOR AGRICULTURAL USE; AND

(II) SINGLE-FAMILY UNITS, INCLUDING A CONDOMINIUM OR CO-OP UNIT, FOR SALE OR FOR LEASE, OR OTHERWISE CONVEYED OR TO BE CONVEYED ON A SINGLE BASIS.

(B) EACH REAL ESTATE CONTRACT SUBMITTED TO A PARTY BY A REAL ESTATE BROKER, A NONRESIDENT REAL ESTATE BROKER, AN ASSOCIATE REAL ESTATE BROKER, A REAL ESTATE SALESPERSON, OR A NONRESIDENT REAL ESTATE SALESPERSON FOR USE IN THE SALE OF COMMERCIAL REAL ESTATE SHALL CONTAIN, IN BOLD-FACED TYPE, A STATEMENT THAT THE BUYER HAS THE RIGHT TO SELECT THE BUYER'S OWN:

(1) TITLE INSURANCE COMPANY;

(2) SETTLEMENT COMPANY;

(3) ESCROW COMPANY; OR

(4) TITLE LAWYER.

(C) THE STATEMENT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL ALSO CONTAIN, IN BOLD-FACED TYPE, A STATEMENT THAT A SELLER MAY NOT BE PROHIBITED FROM OFFERING OWNER FINANCING AS A CONDITION OF SETTLEMENT.

17-607.1.

(A) IN THIS SECTION, "COMMERCIAL REAL ESTATE" HAS THE MEANING STATED IN § 17-524.1 OF THIS TITLE.

(B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C) OF THIS SECTION, IN A REAL ESTATE TRANSACTION INVOLVING COMMERCIAL REAL ESTATE, A REAL ESTATE BROKER, A NONRESIDENT REAL ESTATE BROKER, AN ASSOCIATE REAL ESTATE BROKER, A REAL ESTATE SALESPERSON, A NONRESIDENT REAL ESTATE SALESPERSON, OR A LAWYER ACTING AS A REAL ESTATE BROKER MAY NOT REQUIRE A BUYER, AS A CONDITION OF SETTLEMENT, TO EMPLOY A PARTICULAR:

(1) TITLE INSURANCE COMPANY;

(2) SETTLEMENT COMPANY;

(3) ESCROW COMPANY; OR

(4) TITLE LAWYER.

(C) A SELLER MAY NOT BE PROHIBITED FROM OFFERING OWNER FINANCING AS A CONDITION OF SETTLEMENT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.