

HOUSE BILL 1408

N1

4lr2060

By: **Delegate Rosenberg**

Introduced and read first time: February 9, 2024

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Residential Property – Assignment of Contracts of Sale – Disclosure**
3 **Requirements and Rescission**

4 FOR the purpose of authorizing a vendor and purchaser of residential property to rescind
5 a contract of sale under certain circumstances; requiring an escrow agent to
6 distribute trust money in a contract of sale for residential property to a certain party
7 that rescinds the contract in accordance with this Act; and generally relating to
8 residential property and the assignment and rescission of contracts of sale.

9 BY adding to
10 Article – Real Property
11 Section 10–714
12 Annotated Code of Maryland
13 (2023 Replacement Volume)

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

16 **Article – Real Property**

17 **10–714.**

18 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
19 **INDICATED.**

20 **(2) “ESCROW AGENT” MEANS A PERSON ENGAGED IN THE BUSINESS**
21 **OF RESIDENTIAL PROPERTY SETTLEMENTS WHO RECEIVES TRUST MONEY.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(3) "RESIDENTIAL PROPERTY" MEANS PROPERTY IMPROVED BY FOUR OR FEWER SINGLE-FAMILY DWELLING UNITS THAT ARE DESIGNED PRINCIPALLY AND ARE INTENDED FOR HUMAN HABITATION.

(4) "TRUST MONEY" MEANS A DEPOSIT MADE BY A PURCHASER IN CONNECTION WITH A RESIDENTIAL PROPERTY TRANSACTION THAT THE PURCHASER DELIVERS TO AN ESCROW AGENT TO HOLD FOR THE BENEFIT OF THE PURCHASER AND THE VENDOR.

(B) A VENDOR OF RESIDENTIAL PROPERTY MAY RESCIND A CONTRACT OF SALE FOR THE PROPERTY AT ANY TIME BEFORE THE DISTRIBUTION OF TRUST MONEY AT CLOSING IF THE PURCHASER:

(1) ASSIGNS THE CONTRACT TO ANOTHER PERSON; AND

(2) FAILED TO DISCLOSE IN WRITING BEFORE THE CONTRACT WAS ENTERED INTO THAT THE PURCHASER MAY ASSIGN THE CONTRACT TO ANOTHER PERSON.

(C) A PURCHASER OF RESIDENTIAL PROPERTY FROM A VENDOR THAT HOLDS AN EQUITABLE INTEREST IN THE PROPERTY OR OTHERWISE DOES NOT HOLD LEGAL TITLE TO THE PROPERTY MAY RESCIND A CONTRACT OF SALE FOR THE PROPERTY AT ANY TIME BEFORE THE DISTRIBUTION OF TRUST MONEY AT CLOSING IF THE VENDOR:

(1) ASSIGNS THE CONTRACT TO ANOTHER PERSON; AND

(2) FAILED TO DISCLOSE IN WRITING BEFORE THE CONTRACT WAS ENTERED INTO THAT THE VENDOR MAY ASSIGN THE CONTRACT TO ANOTHER PERSON.

(D) (1) A VENDOR OR PURCHASER OF RESIDENTIAL PROPERTY MAY NOT BE PENALIZED FOR RESCINDING A CONTRACT IN ACCORDANCE WITH THIS SECTION.

(2) IF A VENDOR OR PURCHASER RESCINDS A CONTRACT UNDER THIS SECTION, THE ESCROW AGENT SHALL DISTRIBUTE THE TRUST MONEY TO THE PARTY THAT RESCINDED THE CONTRACT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any contracts of sale for residential property executed before the effective date of this Act.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2024.