SUMMARY OF 2016
REAL ESTATE LEGISLATION
Maryland Association of REALTORS®

AFFORDABLE HOUSING AND TAXES

**HB 276/SB 137** – Income Tax Credit – Preservation and Conservation Easements
**STATUS:** PASSED – **Effective July 1, 2016**
Expands eligibility for the land conservation and preservation tax credit to easements donated to the Maryland Department of Natural Resources (DNR). Allows individuals who are members of pass-through entities -- such as an S corporation, LLC, or partnership – to claim the credit. The credit is limited to $5,000 and the total number of credits for pass-through entities cannot exceed $200,000 worth of credits per year.

**HB 378/SB 322** – Homeowners’ Property Tax Credit Program – Eligibility Awareness Campaign
**STATUS:** PASSED – **Effective October 1, 2016**
Requires the State Department of Assessments and Taxation (SDAT) to provide the Comptroller with a list of residential homes valued at $300,000 or less. The Comptroller is tasked with identifying those owners who may be eligible for the homeowner property tax credit and sending that information to SDAT so those owners may be contacted about their potential eligibility. Notices would be sent each August starting in the summer of 2017.

**HB 488** – Property Tax – Property Transferred to New Owner – Appeals
**STATUS:** PASSED – **Effective July 1, 2016**
Requires the State Department of Assessments and Taxation (SDAT) to hold a hearing within 90 days after a written property tax appeal is filed or a deed is recorded for a transfer to a new owner.

**HB 833/SB 306** – Agricultural Land Transfer Tax – Calculation
**STATUS:** PASSED – **Effective June 1, 2016**
Reverses a Maryland Court of Appeals decision that ruled a 25% agricultural transfer tax surcharge was part of the “total rate of tax” levied on the property and subject to a specific tax cap. The legislation now applies the cap to only the state and local transfer tax rates and not
the 25% surcharge. As a result, some local transfer tax payments for agricultural property sales could increase.

**HB 939/SB 759 – Sustainable Communities Tax Credit – Alteration and Extension**
STATUS: PASSED – Effective June 1, 2016
Renames the Sustainable Communities Tax Credit as the Heritage Structure Rehabilitation Tax Credit. Allows the credit to be applied to expenses paid by federal grants. Eliminates the requirement that the project be located in “sustainable community.” Creates a 60-day time frame to announce the awarding of commercial credits. Imposes stricter sanctions for projects that do not pay the application fee. Extends the payment of tax credits through 2022. Otherwise the credits would have terminated in 2017.

**HB 1143/SB 728 – Income Tax Credit – New Dwellings – Automatic Fire Sprinkler Systems**
STATUS: NOT PASSED
As passed by the Senate, would have provided a tax credit up to $1.25 per square foot of a new residential dwelling to help pay for automatic fire sprinkler systems. The credit was limited to new dwellings no larger than 2,000 square feet. In addition, the credit only applied in the following counties: Allegany, Caroline, Cecil, Dorchester, Garrett, Kent, Queen Anne's, Somerset, Talbot, Washington, Wicomico, or Worcester Counties.

**HB 1274/SB 836 – Housing and Community Development – Community Development Program Act**
STATUS: NOT PASSED
Levied a third transfer tax (0.5%) on most real estate sales in Maryland. There is already a 0.5% transfer tax levied on sales for Program Open Space and other land programs, and most local counties impose transfer taxes that vary from 0.5% up to 1.5%. The bill would have dedicated the revenue from the new transfer tax to some programs unrelated to housing.

**HB 1363 – Property Tax– Appeals – Provision of Information to Taxpayers**
STATUS: PASSED – Effective July 1, 2016
Requires the State Department of Assessments and Taxation (SDAT) to provide the assessment worksheet and sales analysis relating the property in question at least 14 days prior to a hearing before the supervisor of assessments. If the information is not provided by that time, the person seeking the hearing may reschedule the hearing. Also, requires property comparables to be given to a person seeking a hearing before the Property Tax Assessment Appeals Board (PTAAB) at least 30 days before the hearing. If the information is not provided within that time, the person seeking the hearing may reschedule it.

**REAL ESTATE BROKERAGE AND CONTRACTS**

**HB 460/SB 381 – Housing and Community Development – Community Development Administration – Student and Residential Mortgage Loans**
STATUS: PASSED – Effective July 1, 2016
Establishes a mortgage loan program in the Maryland Department of Housing and Community Development (DHCD) that will pay off a portion of the buyer’s student debt and include it in the underlying mortgage. The program will be limited to DHCD-owned foreclosed properties so that DHCD can provide a seller’s concession to keep the mortgage less than 100% of the property value. The program will initially be limited in scope.

**HB 508/SB 330 – Residential Property – Foreclosure Sale – Recordation of Instrument of Writing**

**STATUS: NOT PASSED – Interim Study**

Required a deed from a foreclosure sale to be recorded within 30 days after the date of the final order of ratification. If a sale is recorded within 20 days, the secured party would be able to avoid transfer and recordation taxes. If the sale was not recorded within that time, the Commission of Financial Regulation and county government attorneys were empowered to seek compliance. This legislation will be reviewed by the Legislature during the interim.

**HB 524 – Foreclosure – Responsibility for Maintenance of Residential Property and Registration Requirement**

**STATUS: NOT PASSED – Interim Study**

Required a lender to maintain a property after an action to foreclose on the property is filed. The legislation also required these properties to be registered with the Foreclosure Registry. This legislation will be reviewed by the Legislature during the interim.

**HB 664 – Foreclosures – Responsibility for Maintenance of Residential Property and Registration Requirement**

**STATUS: NOT PASSED – Interim Study**

Required a lender to maintain a property after an action to foreclose on the property is filed. The legislation also required these properties to be registered with the Foreclosure Registry. This legislation will be reviewed by the Legislature during the interim.

**HB 747/SB 539 – Real Estate Brokers – Licensure Requirement – Exemption for Lawyers**

**STATUS: PASSED – Effective October 1, 2016**

Narrows the exemption for attorneys in the Maryland Real Estate Brokerage Act. In limited cases, attorneys did not have to hold a real estate license to share a real estate commission. This legislation narrowed that requirement further by stating that lawyers may only share in the commission, if: the lawyer is licensed in Maryland; the lawyer provides real estate brokerage services to another person; and those services are in the course of the lawyer’s regular practice of law.

**HB 920/SB 509 – Real Property – Actions to Quiet Title**

**STATUS: PASSED – Effective October 1, 2016**

Creates a statutory process to quiet title in Maryland. Currently, the process to quiet title can differ among the counties. This legislation makes uniform rules about jurisdiction, the required notice of parties, and the rights of defendants and other parties who may have previously filed claims to the property.
HB 936 – Real Estate Brokers – Licensing – Continuing Education Requirements
STATUS: NOT PASSED
Required real estate brokers who have been licensed for at least 40 years to take only the 3 hour legal and legislative update course to satisfy continuing education requirements.

HB 989/SB 815 – Residential Real Property – Sales Contracts – Notice of Water and Sewer Charges
STATUS: PASSED – Effective October 1, 2016
Requires home sellers to inform homebuyers about any charges they pay for the installation of water and sewer infrastructure (so called “front-foot” fees). The bill requires sellers to inform buyers in the contract: whether a fee exists; the amount of the fee; and the number of years that remain to complete the payment. If a contract does not contain this information, a buyer may terminate the contact before settlement. In addition, if the buyer does not find out until after moving into the home, the seller becomes liable for payment of the remainder of the fee.

HB 1171 – Foreclosed Property Registry – Responsibility for Maintenance of Residential Property, Registration Requirement, and Access to Registry
STATUS: NOT PASSED – Interim Study
Required a lender to maintain a property after an action to foreclose on the property is filed. The bill also authorized DLLR to give access to the Foreclosure Registry to real estate brokers. Currently, only state and county government officials have access to the registry. This legislation will be reviewed by the Legislature during the interim.

HB 1286 – Residential Property – Foreclosed Property Registry – Notification to Local Jurisdictions
STATUS: NOT PASSED – Interim Study
Required the Foreclosure Registry to send to local county governments the new foreclosure registrations of any properties within their jurisdiction. The registry also would be required to provide this information to local municipalities requesting it.

HB 1377 – Real Property – Vacant and Abandoned Property – Expedited Foreclosure
STATUS: NOT PASSED – Interim Study
Created an expedited foreclosure process for vacant and abandoned property. If a local government, a homeowner’s association or condominium provided notice to a lender that a property was vacant and abandoned, the lender would be required to file a foreclosure action within 30 days. 30 days after the court grants a petition, the lender would have to file the complaint and schedule a sale within 60 days of providing service to the parties.

HB 1421 – Real Property – Real Estate Sales Contracts – Required Notice
STATUS: NOT PASSED
Required real estate licensees to orally inform the buyer of his or her right to consult with an attorney and required the real estate contract to state that the buyer and seller have a right to an attorney.

HB 1448/SB 968 – Business Regulation – Home Builder Registration – Fees
STATUS: PASSED – Effective October 1, 2016
Increases the homebuilder registration fees. The initial registration fee increases from $600-$800. The renewal fee increases according to the number of building permits issued to the builder the year before. For 1-10 permits, the fee increases from $300-$400. For 11 to 74 permits, the fee increases from $600-$800. For 75 or more permits, the fee increases from $600 to $1,200. For builder sales representatives, the fee increases from $200 to $300.

**HB 1453/SB 824** – Real Estate Licensees – Verification of Service Provider Licensing Status
STATUS: PASSED – Effective October 1, 2016
Narrows the regulation requiring real estate agents to verify the license status of certain service providers referred to consumers. The regulation required real estate agents to verify the license status of: mortgage lenders; mortgage brokers; real estate appraisers; home improvement contractors; home inspectors; plumbers; electricians; and heating, ventilation, air-conditioning and refrigeration contractors. The bill requires real estate agents to only verify the license status of home improvement contractors. The bill also requires the license to be verified only once per year rather than every time a referral is made.

**HB 1469/SB 828** – Real Estate Brokers – Agency Relationships in Residential Real Estate Transactions – Disclosure and Consent Requirements
STATUS: PASSED – Effective October 1, 2016
Simplifies the disclosure law by focusing disclosure on unrepresented consumers. The current law requires licensees to provide agency disclosure to consumers who are already represented by other licensees and have already had agency information provided to them. The proposed changes would eliminate some of this redundant disclosure except when a consumer is not represented by an agent in the transaction. In addition, the proposed changes would simplify agency disclosure at open houses by requiring a seller’s agent to post information about the agent’s representation rather than giving out a disclosure form to buyers that visit the property. Finally, the bill eliminates the “statutory presumption” of buyer agency so that there is only one category of “buyer agent.”

**HB 1508** – Single Family Residential Real Property Disclosure and Disclaimer Statements – Disclosure of Home Improvements
STATUS: NOT PASSED
Required the seller real property disclosure and disclaimer form to indicate whether home improvements were made to the property. If home improvements were made to the property during the time the seller owned the property, the seller would have been required to provide a copy of the building permit and a copy of the inspection certificate. If a building permit was not required for the improvement, the seller would have been required to provide an affidavit from the contractor stating that a building permit was not required for the work performed.

**HB 1529** – Real Property – Redeemable Ground Rents – Required Redemption
STATUS: NOT PASSED
Required a redeemable ground rent to be redeemed at sale by the new purchaser. Also required a redeemable ground rent to be redeemed when a property was refinanced.

**SB 24** – Discrimination in Housing – Military Status
STATUS: NOT PASSED
Created a new protected class for “military status” as pertains to discrimination in Maryland housing. Active duty members and veterans from active duty would qualify for “military status.”

COMMON OWNERSHIP COMMUNITIES

HB 1061 – Real Property – Common Ownership Communities – Registration
STATUS: NOT PASSED
Created a registration requirement for common ownership communities like Homeowners Associations, Condominiums and Cooperatives. The bill levied a small annual registration fee ($3) and required communities to disclose information such as: the leadership of the board overseeing the community; information about the community such as the number of units or homes; and whether the community has fidelity insurance and reserve studies.

HB 1080 – Condominiums and Homeowners Associations – Amendments to Governing Documents
STATUS: NOT PASSED
Lowered the minimum number of votes needed to approve changes to governing documents for condominiums and homeowners’ associations. The legislation created a new calculation. If a bare majority of the common ownership community voted affirmatively in person, by mail or electronic transmission, the unreturned responses may be deemed in support of the measure to reach the super majority required for approval.

HB 1192/SB 816 – Real Property – Condominiums and Homeowners Associations – Resales – Disclosures and Fees
STATUS: PASSED – Effective October 1, 2016
Sets in law the maximum fee that can be charged for HOA and Condo resale packets, and then limits how much those fees can increase in future years. Although the legislation will not likely lower many fees, it will slow how quickly these fees can increase in the future. In general, the fees cannot exceed $250. However, if an inspection is required of the property, an inspection fee can be added and cannot exceed $100. If a rush order is placed, a “rush fee” can be added and cannot exceed $50 if delivery is requested within 14 days or $100 if the delivery is requested within 7 days. Finally, the fees in the legislation may only be increased every two years by no more than the rate of the Consumer Price Index (CPI-U).

LAND-USE, PROPERTY RIGHTS, AND THE ENVIRONMENT

STATUS: NOT PASSED
Authorized local governments to remove the mandate for fire sprinkler systems if the local government instead mandated that consumers be given notice and the opportunity to choose sprinklers as an option to newly constructed property.
HB 90 – On-Site Sewage Disposal Systems – Operation and Maintenance Costs – Low-Income Homeowners
STATUS: PASSED – Effective October 1, 2016
Expands the use of the septic grant money to also cover the cost of up to 50% of maintenance contracts for up to 5 years. To be eligible a homeowner would have to be qualified as low-income by either the Maryland Department of Environment or a local government.

HB 178 – Natural Resources – Roadside Trees – Preservation and Protection
STATUS: NOT PASSED
Prohibited the removal and certain maintenance of trees in the state right-of-way unless the property owner obtained a permit. To remove a tree, a property owner would have to establish that the tree is dead or dying or poses a hazard to the property. If the owner can prove such conditions to the Department, the owner would have been required to pay a $500 fee to remove the tree or $250 to maintain a tree. $250 of the removal fee could be refunded if another tree was planted.

HB 243/SB 166 – Land Use Actions – Legislative Bodies – Judicial Review
STATUS: NOT PASSED
Expanded the “legal standing” of individuals to challenge land use actions passed by local governments. The bill allowed taxpayers, persons aggrieved by a local decision, and property owners within 1,000 feet of the border of a property affected by a land use decision to challenge legislatively approved decisions.

HB 686/SB 559 – Department of Housing and Community Development – Strategic Demolition and Smart Growth Impact Fund – Establishment
STATUS: PASSED – Effective July 1, 2016
Creates a fund which may only be used to provide grants and loans to government agencies and community development organizations for demolition, land assembly, architecture and engineering, and site development for revitalization projects in an area designated as a sustainable community. Most of the allocated money will go to Baltimore and a smaller portion to the rest of the state.

HB 1428/SB 748 – Sustainable Growth and Agricultural Preservation Act – Application
STATUS: NOT PASSED
Extended the time frame that a preliminary plan must be approved by local counties under the Sustainable Growth Act. This act specifies where new developments on septic systems may be located in the different counties.

SB 1047 – Task Force to Study Recording Deeds for Victims of Domestic Violence
STATUS: PASSED – Effective July 1, 2016
Creates a task force to study how to protect the identity of certain victims of domestic violence when the property records list publically the identity of the person. A member of the Maryland Association of REALTORS® will be a task force participant. The Task Force is required to report its findings by December 2017.

PROPERTY MANAGEMENT
**HB 396/SB 308 – Lead Risk Reduction Standards – Maintenance of Exemptions**
**STATUS: NOT PASSED**
Although the House and Senate bills were not identical, both bills would have lengthened the frequency of lead paint inspections for properties with lead paint on the exterior only. Currently, those properties must pass inspection every two years, this bill would have extended the inspections to every 5 years.

**HB 545 – Landlord and Tenant – Water and Wastewater Charges – Billing Systems**
**STATUS: NOT PASSED**
Prohibited the use of a ratio utility billing (RUB) system by landlords or property managers for water and sewage usage. This would have left landlords with two choices: sub metering; or including the utility in the rent.

**HB 608 – Landlord and Tenant – Installation of Satellite Dish on Residential Rental Property**
**STATUS: NOT PASSED**
Prohibited the installation of a satellite dish on the roof or exterior of a residential rental property without the permission of the landlord, and clarified that the installer of the dish is liable to the landlord for damage caused by the installation.

**HB 759 – Home Act of 2016**
**STATUS: NOT PASSED**
Created a new protected class for “source of income.” This provision would have forced landlords to accept federal housing vouchers despite the fact that these federal programs are voluntary.

**HB 810/SB 1149 – Reduction of Lead Risk in Housing – Fees and Enforcement**
**STATUS: NOT PASSED – Interim Study**
Significantly increased lead paint fees that property owners pay to register units. This increase in fees follows a doubling of the fees back in 2012 when the program was also expanded to properties built from 1950-1978.

**HB 849/SB 182 – Public Safety – Rental Dwelling Units – Carbon Monoxide Alarms**
**STATUS: PASSED – Effective October 1, 2016**
Requires carbon monoxide detectors on each level of a rental unit and outside the sleeping areas starting April 1, 2018. The detector may be a combined smoke detector carbon monoxide detector.

**HB 1059 – Landlord and Tenant – Security Deposit – Contents of Lease**
**STATUS: PASSED – Effective October 1, 2016**
Requires the receipt for the security deposit to be included in the written lease.

**HB 1060 – Model Residential Leases – Required Contents**
**STATUS: NOT PASSED**
Required counties that provide a model lease to include certain provisions, such as who is responsible for changing locks, and advising tenants to refuse to pay rent if the tenant believed a rent escrow condition existed.

**HB 1154/SB 951** – Maryland Lead Poisoning Recovery Act  
**STATUS: NOT PASSED**  
Created new type of liability for producers of lead pigment used in paint. This “market share” liability would be based on a manufacturer’s share of the market rather than a direct link to a specific case of an elevated blood lead level.

**HB 1176** – Rental Deposit Assistance Loan Programs and Fund  
**STATUS: NOT PASSED**  
Would have authorized local governments to create rental deposit loan programs.

**HB 1331** – Environment – Reduction of Lead Risk in Housing – Blood Lead Level  
**STATUS: NOT PASSED – Interim Study**  
Lowered the blood lead level of concern from 10 micrograms per deciliter to 5 in Maryland. This new blood level would be the new trigger level for action under Maryland’s rental housing lead law.

**SB 463** – Landlord and Tenant – Expedited Eviction Proceedings – Notice and Appeals  
**STATUS: NOT PASSED**  
Reduced from 14 to 5 days the time period for notice to a tenant about an eviction. This expedited time frame would apply only to tenants who pose a "clear and imminent danger" to themselves or other tenants.

**COMMERCIAL**

**HB 939/SB 759** – Sustainable Communities Tax Credit – Alteration and Extension  
**STATUS: PASSED – Effective June 1, 2016**  
Extends and renames the Sustainable Communities Tax Credit. The newly named Heritage Structure Tax Credit would be extended through Fiscal year 2022. The bill also removes the restriction that small commercial projects be undertaken in “Sustainable” communities allowing more small businesses access to this credit.

**HB 1175/SB 664** – Fair Scheduling, Wages, and Benefits Act  
**STATUS: NOT PASSED**  
Required employers to provide work schedules to employees at least 21 days in advance. Set rules for compensating employees including providing “predictability” compensation if a schedule was changed sooner than 21 days. Established other reporting requirements as well.

**HB 1226/SB 597** – Recordation and Transfer Taxes – Transfer of Controlling Interest – Exemptions  
**STATUS: PASSED**  
Exempts from transfer and recordation taxes the transfer of a controlling interest between certain LLC subsidiaries, such as: subsidiaries from the same LLC; and a transfer between an
existing subsidiary LLC and a new LLC. The transfer of the controlling interests must be to the same ownership.

**HB 1475 – Municipalities – Vacant and Blighted Buildings – Registration, Remediation, and Taxation**
**STATUS: NOT PASSED**
Authorized municipalities to create a registry of vacant and blighted buildings. Also empowered municipalities to set special tax rates for those buildings.

**MISCELLANEOUS**

**HB 1121/SB 12 – Health Care Facilities – Closures or Partial Closures of Hospitals – County Board of Health Approval**
**STATUS: NOT PASSED**
Prohibited hospital closings unless a county board of health was notified of the closing and had an opportunity to approve the closing.

**SB 285 – Maryland Home Improvement Commission – Subcontractor Licensing Requirement – Repeal**
**STATUS: PASSED – Effective July 1, 2016**
Repeals the subcontractor license under Maryland law. To work for a contractor under the Maryland Home Improvement Commission license, a worker had to be either a licensed contractor or subcontractor. However, the law as it applied to subcontractors was not enforced and very few subcontractor licenses existed. SB 285 still requires a license for any contractor working for another person but gives the contractors additional flexibility on who they hire to perform work.