



## 2020 Legislative Priorities

### **Housing Opportunity – [HB 1628 -- Oppose - Defeated](#)**

With increased student debt and other barriers, the percentage of first-time homebuyers has fallen to a nearly 30 year low. The Maryland homeownership rate has dropped from almost over 70% to just over 66% from 2000-2018. The Maryland REALTORS® is committed to supporting policies that expand housing opportunities throughout the state and opposing policies that limit them.

HB 1628 will impose a sales and use tax on real estate fees that will be paid by homeowners and buyers. Already, homeowners and buyers pay three taxes during the real estate transaction: state transfer taxes; county transfer taxes (most counties charge a local transfer tax); recordation taxes; and recordation fees. Homeowners also pay property taxes that bring millions of dollars of new education funding to schools every year due to increasing property assessments. Because sales taxes are regressive, HB 1628 will hurt first-time buyers and lower-income buyers the most.

### **Real Estate Professionalism- [HB 1446/SB 350 – Support - Passed](#)**

Real Estate Licensees are required by law to take 15 hours of continuing education (C.E.) classes every two years. If a licensee has not completed the 15-hour C.E. requirement, the licensee is prohibited from renewing his or her license. Currently, licensees are mandated by law to take certain C.E. classes, including a class on the Code of Ethics and predatory lending.

REALTORS® support legislation that will require teachers to add a professionalism component to the ethics class and broaden the topic of predatory lending to fraudulent real estate practices. The professionalism component of the class will focus on teaching licensees respect for the public, property and peers, and conflict resolution.

### **Ground Rents Escrow – [HB 241/SB 170 – Support - Passed](#)**

Ground rents are payments made by a homeowner to a person or entity who owns the land on which the home was built. Ground rents are most common in Baltimore but exist throughout Maryland. Under current law, the ground rent holder (the person that owns the land) is entitled to collect up to three years unpaid rent. If a ground rent holder fails to register the ground rent and a property is sold, title companies will escrow up to the maximum three years rent that can be collected. This escrow payment is a cash requirement that homebuyers pay in order to settle the property. In addition, title companies must hold and return the escrow money after three years.

The Maryland REALTORS® recommends a change to law exempting a property subject to a sale from the collection of the past due ground rent until it is actually registered. Such a change



would negate the tracking of the escrow money and save buyers cash at closing. This bill was passed unanimously by the House of Delegates in 2019 but was not voted on in the Senate.

**Covenants and Easements Title Notice- [SB 570 – Support - Passed](#)**

Although a title search will typically discover an easement, covenant or other property rights restriction on real property, there are times when a title search fails to discover the restriction. Few title searches go back longer than 60 years and many title searches only review title changes in the last 20 years. As a result, if an easement or covenant was placed on the property outside of time frame of the title search, the buyer may not discover it. The General Assembly passed legislation last year to allow an easement holder to record a more recent notice in the land records referencing back to the original document allowing a title searcher the opportunity to discover the property restriction. However, this bill was limited to conservation easements and the Maryland REALTORS® supports expanding the notice right to all easement and covenant holders.

**Real Estate Sold through Auction- [HB 1006 – Support – Summer Study](#)**

About half of the states in the United States require auctioneers to have auction licenses or at least to have a real estate license if selling real estate by auction. That includes almost all states surrounding Maryland except for Delaware. Maryland auctioneers, however, have no required state auctioneer license and are mostly exempt from the real estate licensing law. Some Maryland auctioneers already hold a real estate license so that they can advertise the property more fully.

Maryland REALTORS® supports requiring auctioneers to hold a real estate license if selling real property, so that the consumer is protected by the real estate guarantee fund and is represented by a fiduciary who has a legal duty to represent their interest above all others.

**Property Management- [HB 929 – Support – Not Passed](#) [HB 592 – Support – Not Passed](#)**

Maryland property managers have important jobs whether it is managing an apartment, a building or a entire homeowner association (HOA) and condominium (Condo) community. Although the Legislature has considered licensing property managers, those legislative efforts have failed because there is little data on how many property managers exist in Maryland. It is hard to know how to create and fund a licensing board without that important information. As an interim step, the Maryland REALTORS® supports a registration program for property managers so that there will be a way to collect the necessary data to determine whether a licensing board is feasible and offer consumers at least minimal oversight of managers.