

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 200

(Delegate Lehman, *et al.*)

Economic Matters

Judicial Proceedings and Education, Energy,
and the Environment

Sale of Residential Real Property - Required Flood Risk Disclosure

This bill requires, subject to specified exceptions and beginning July 1, 2027, a seller of real property to provide specified flood-risk information to a purchaser before the parties enter into a contract. This requirement only applies to residential real property improved by four or fewer single-family units. By June 1, 2027, the Maryland Department of the Environment (MDE) must develop and publish a real property flood risk disclosure statement form for use in connection with the bill’s requirements.

Fiscal Summary

State Effect: MDE can handle the bill’s requirements using existing budgeted resources. Revenues are not affected.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: A “Federal Emergency Management Agency (FEMA) elevation certificate” means the certificate issued by FEMA that certifies official elevation and building data for a property located within a special flood hazard area in order to inform flood insurance premiums.

MDE must develop, publish, and maintain a real property flood risk disclosure statement form that, at minimum, includes the following information:

- whether the property is located wholly or partially within a special or moderate-risk flood hazard area (as defined in the bill);
- whether the seller has knowledge of any past occurrence where an owner received specified federal disaster assistance;
- whether the property is subject to federal requirements for the owner to maintain flood insurance;
- whether the vendor currently has flood insurance and the availability of a FEMA elevation certificate;
- whether the vendor has knowledge of any claims filed for flood damage, including with the National Flood Insurance Program; and
- whether the vendor has knowledge of any flood damage, water seepage, or pooled water resulting from natural events such as heavy rainfall, coastal storm surges, tidal inundation, or river overflows.

Beginning July 1, 2027, prior to entering into a contract of sale, a seller of real property must provide a completed flood risk disclosure form to the purchaser. The seller must also provide (if available) a copy of the FEMA elevation certificate. However, these notice requirements do not apply to:

- the initial sale of a single-family residence that (1) has never been occupied or (2) had a certificate of occupancy issued within one year before the date on which the vendor and purchaser entered into a contract of sale;
- a transfer of property that is exempt from the transfer tax under § 13-207 of the Tax – Property Article, except (1) a land installment contract of sale or (2) an option to purchase real property;
- a sale by a lender, or an affiliate of a lender, that acquired the real property by foreclosure or deed in lieu of foreclosure;
- a sheriff’s sale, tax sale, or sale by foreclosure, partition, or court-appointed trustee;
- a transfer by a fiduciary in the course of administering a decedent’s estate, guardianship, conservatorship, or trust;
- a transfer of a single-family residential real property that the buyer will convert to a use other than residential ; and
- a sale of unimproved real property.

Current Law:

Flood Hazard Management Act of 1976

Pursuant to the Flood Hazard Management Act of 1976, MDE is responsible for various initiatives designed to address flood hazards, including (1) assisting in the development of guidance to minimize the impacts of flooding; (2) providing State guidelines and technical assistance to local governments to manage flood areas; and (3) administering the Comprehensive Flood Management Grant Program. For the purposes of State law regarding flood control and watershed management, “subdivision” is defined as any county, including Baltimore City, and any incorporated municipality that has the authority to adopt and enforce land use and control measures for the areas within its jurisdiction.

MDE and subdivisions must coordinate flood management activities with all related programs, including the National Flood Insurance Program, the Sediment Control Program, and the State water pollution control and abatement programs.

Real Property Contact Disclosures – Requirements

Statutory provisions set forth numerous requirements regarding statements, disclosures, and notices in contracts for the sale of property, including provisions relating to:

- notice of estimated deferred water and sewer charges;
- notice that the subject property may be located in a “critical area” of the Chesapeake Bay and Atlantic Coastal Bays;
- notice of specified development impact fees;
- notice of protection by the Real Estate Guaranty Fund;
- notices related to deposits, specified contractual provisions, and warranties; and
- notice that the subject property may be located in a zone of dewatering influence.

Many requirements regarding such statements, disclosures, and notices vary depending on the type of property at issue and/or the jurisdiction where the property is located. Generally, unless otherwise specifically provided, a contract of sale is not rendered invalid by the omission of any statement, disclosure, or notice.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of the Environment; Maryland Department of Labor; Department of Legislative Services

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