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## EBEI-10: Disclosure

### Option Description

This option focuses on the development of operational protocols that specify disclosure requirements for coastal hazards. This includes information related to the purchase/sales of property for residential and commercial properties.

### Option Design

The specific objective of this option is to provide a Maryland Sea Level Rise Disclosure and Advisory Statement. A draft of this document has been prepared and is included in Annex A.

- **Targets:** The targets for the disclosure statement are all purchasers of real property in the State of Maryland located in Worcester, Wicomico, Talbot, Dorchester, Caroline, Queen Anne's, Somerset, Kent, Baltimore, Cecil, Harford, Anne Arundel, Charles, St. Mary's, Calvert and Howard counties and Baltimore City.
- **Timing:** The timing for including the statement in real estate transactions is immediate.
- **Parties Involved:** Only those parties directly involved in the transaction (i.e., the buyer and seller, and their agents) are involved in the signing of the statement.
- **Other:** NA.

### Implementation Mechanisms

TBD.

### Related Policies/Programs in Place

TBD.

### Estimation of Adaptation Benefits and Costs

Implementing disclosure requirements for coastal hazards related to the purchase/sales of property for residential and commercial properties is a fairly low cost option. As residential and commercial real estate in certain locations may experience greater risks due to climate change effects (e.g., rising sea levels, increased hurricane severity), the disclosure statement is intended to serve a public awareness function regarding the potential risks incurred by the buyer. Notably,

given the regional nature of coastal threats, this function is not limited to Maryland’s coastal areas only, but serves to inform buyers that all coastal properties are subject to similar conditions.

The incremental costs are associated with developing the statutory framework to ensure that a Maryland Sea Level Rise Disclosure and Advisory Statement is included in the set of documents for purchasers of real property in the coastal counties of Maryland. These costs are likely to be *de minimus*.

The incremental benefits associated with the Advisory Statement are much more difficult to assess and will depend on the effect that the Statement has on property values and the number of coastal real estate transactions. It seems likely that disclosure statement itself will have a much smaller effect than the evolving perspectives of property insurers who may increase insurance premiums for properties located in coastal zones deemed vulnerable to climate change, or lending institutions who may consider the property's value as having reduced collateral for a commercial or residential mortgage loan.

### **Feasibility Issues**

TBD.

### **Status of Group Approval**

TBD.

### **Barriers to Consensus**

TBD.

## Annex A

**DRAFT**

Addendum number \_\_\_\_ to contract dated \_\_\_\_\_, 20\_\_

### **Maryland Sea Level Rise Disclosure and Advisory Statement**

*This statement **must** be provided to all purchasers of real property in the State of Maryland located in Worcester, Wicomico, Talbot, Dorchester, Caroline, Queen Anne's, Somerset, Kent, Baltimore, Cecil, Harford, Anne Arundel, Charles, St. Mary's, Calvert and Howard counties and Baltimore City.*

Buyers are advised that, in the Mid-Atlantic region of North America, tidal and sea levels may be rising relative to the land surface. Such increases are very gradual and take place over very long periods of time. Buyers are encouraged to investigate projections of sea level rise at (website and office to be determined).