N1 5lr1415

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Introduced and read first time: January 24, 2005

Assigned to: Environmental Matters

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(1)

	A BILL ENTITLED
1	AN ACT concerning
2	Real Property - Resale of a Condominium Unit by a Unit Owner - Time Frames
4 5 6 7 8 9 10 11 12	FOR the purpose of altering the time frame within which a condominium unit owner is required to furnish a purchaser certain documents and statements under certain circumstances; altering the time frame within which a council of unit owners is required to furnish a certificate of information to a unit owner under certain circumstances; altering the time frame within which a purchaser may rescind a contract for the resale of a condominium unit without any liability under certain circumstances; altering the content of certain notices required to be given to a purchaser of a condominium unit under certain circumstances; making stylistic changes; and generally relating to the resale of a condominium unit by a unit owner.
14 15 16 17 18	Section 11-135
19 20	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
21	Article - Real Property
22	11-135.
25 26	(a) Except as provided in subsection (b) of this section, a contract for the resale of a unit by a unit owner other than a developer is not enforceable unless the contract of sale contains in conspicuous type a notice in the form specified in subsection (g)(1) of this section, and the unit owner furnishes to the purchaser not later than [15] 5 CALENDAR days prior to closing:

A copy of the declaration (other than the plats);

35 affecting the condominium and the provisions governing any extension or renewal

36 thereof; and

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		unit owi	ners or maint	escription of any recreational or other facilities which are t tained by them or the council of unit owners, and by are to be a part of the common elements; and
4 5	knowledge:	5)	A statement l	by the unit owner as to whether the unit owner has
	elements assign	ned to th		at any alteration to the unit or to the limited common es any provision of the declaration, bylaws, or
9 10	the unit or the			any violation of the health or building codes with respect to ments assigned to the unit; and
11 12	this title or und			at the unit is subject to an extended lease under § 11-137 of so, a copy of the lease must be provided.
15 16	a condominiur sale contains is	m contai n conspi nd the ur	ning less that cuous type a nit owner furi	ale by a unit owner other than a developer of a unit in n 7 units is not enforceable unless the contract of a notice in the form specified in subsection (g)(2) of nishes to the purchaser not later than [15] 5:
18	(1	1)	A copy of the	e declaration (other than the plats);
19	(2	2)	The bylaws;	
20	(3	3)	The rules and	d regulations of the condominium; and
21 22	`			by the unit owner of the unit owner's expenses during of the common elements.
25 26 27 28	written reques the cost to the information ne section. A unit	t by a ur council ecessary t owner j urchaser	nit owner and of unit owne to enable the providing a c for any error	of unit owners, within [20] 10 CALENDAR days after a direceipt of a reasonable fee therefor, not to exceed ers, if any, shall furnish a certificate containing the e unit owner to comply with subsection (a) of this certificate under subsection (a) of this section is not neous information provided by the council of unit ate.
	required to dis	sclose ur	nder subsection	to the remaining information that the unit owner is on (a) of this section that is not provided by the d in the certificate, a unit owner:
33 34	liable to the pu			eept as provided in subparagraph (ii) of this paragraph, is ection for damages proximately caused by:
35			1.	An untrue statement about a material fact; and

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	2. An omission of a material fact that is necessary to make the statements made not misleading, in light of the circumstances under which the statements were made; and						
6 7 8	(ii) Is not liable to the purchaser under this section if the owner had, after reasonable investigation, reasonable grounds to believe, and did believe, at the time the information was provided to the purchaser, that the statements were true and that there was no omission to state a material fact necessary to make the statements made not misleading, in light of the circumstances under which the statements were made.						
12	(d) A purchaser is not liable for any unpaid assessment or fee greater than the amount set forth in the certificate prepared by the council of unit owners. A unit owner is not liable to a purchaser for the failure or delay of the council of unit owners to provide the certificate in a timely manner.						
16	(e) The rights of a purchaser under this section may not be waived in the contract of sale, and any attempted waiver is void. However, if a purchaser proceeds to closing, [his] THE PURCHASER'S right to rescind the contract under subsection (f) OF THIS SECTION is terminated.						
20 21 22	Any purchaser may at any time within [7] 5 CALENDAR days following receipt of all of the information required under subsection (a) or (b) of this section, whichever is applicable, rescind in writing the contract of sale without stating any reason and without any liability on [his] THE PURCHASER'S part. The purchaser, upon rescission, is entitled to the return of any deposits made on account of the contract.						
24 25	(g) (1) A notice given as required by subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form:						
26	"NOTICE						
29	The seller is required by law to furnish to you not later than [15] 5 CALENDAR days prior to closing certain information concerning the condominium which is described in § 11-135 of the Maryland Condominium Act. This information must include at least the following:						
31	(i) A copy of the declaration (other than the plats);						
32	(ii) A copy of the bylaws;						
33	(iii) A copy of the rules and regulations of the condominium;						
34	(iv) A certificate containing:						
	1. A statement disclosing the effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit other than any restraint created by the unit owner:						

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	2. A statement of the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently lue and payable from the selling unit owner;
4 5	3. A statement of any other fees payable by the unit owners of the council of unit owners;
8	4. A statement of any capital expenditures approved by the council of unit owners or its authorized designee planned at the time of the conveyance which are not reflected in the current operating budget included in the certificate;
10 11	5. The most recently prepared balance sheet and income and expense statement, if any, of the condominium;
	6. The current operating budget of the condominium, including details concerning the amount of the reserve fund for repair and replacement and its intended use, or a statement that there is no reserve fund;
15 16	7. A statement of any judgments against the condominium and the existence of any pending suits to which the council of unit owners is a party;
19	8. A statement generally describing any insurance policies provided for the benefit of the unit owners, a notice that the policies are available for inspection stating the location at which they are available, and a notice that the terms of the policy prevail over the general description;
23	9. A statement as to whether the council of unit owners has knowledge that any alteration or improvement to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules or regulations;
27	10. A statement as to whether the council of unit owners has knowledge of any violation of the health or building codes with respect to the unit, the limited common elements assigned to the unit, or any other portion of the condominium;
	11. A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal of it; and
34	12. A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the council of unit owners, and a statement as to whether or not they are to be a part of the common elements; and
36 37	(v) A statement by the unit owner as to whether the unit owner has knowledge:

	1. That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules and regulations.				
4 5	2. Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit.				
6 7	3. That the unit is subject to an extended lease under § 11-137 of this title or under local law, and if so, a copy of the lease must be provided.				
	You will have the right to cancel this contract without penalty, at any time within [7] 5 CALENDAR days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated."				
11 12	(2) A notice given as required by subsection (b) of this section shall be sufficient for the purposes of this section if it is in substantially the following form:				
13	"NOTICE				
16	The seller is required by law to furnish to you not later than [15] 5 CALENDAR days prior to closing certain information concerning the condominium which is described in § 11-135 of the Maryland Condominium Act. This information must include at least the following:				
18	(1) A copy of the declaration (other than the plats);				
19	(2) A copy of the bylaws;				
20	(3) A copy of the rules and regulations of the condominium; and				
21 22	(4) A statement by the seller of his expenses relating to the common elements during the preceding 12 months.				
	You will have the right to cancel this contract without penalty, at any time within [7] 5 CALENDAR days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated."				
28 29 30	(h) Upon any sale of a condominium unit, the purchaser or his agent shall provide to the council of unit owners to the extent available, the name and forwarding address of the prior unit owner, the name and address of the purchaser, the name and address of any mortgagee, the date of settlement, and the proportionate amounts of any outstanding condominium fees or assessments assumed by each of the parties to the transaction.				
32 33	(i) This section does not apply to the sale of any unit which is to be used and occupied for nonresidential purposes.				
34 35	(j) Subsections (a), (b), (c), (d), (e), (f), and (g) of this section do not apply to a sale of a unit in an action to foreclose a mortgage or deed of trust				

- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2005.