

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 718 (Delegate Stern, *et al.*)
Environmental Matters

Real Property - Resale of Home or Condominium - Information Supplied to the Seller

This bill alters the time within which certain information must be provided relating to the sale of a condominium unit or a lot in a development subject to a homeowners association. The bill authorizes the governing body of a condominium or homeowners association to charge a fee for providing information relating to such a sale.

Fiscal Summary

State Effect: None. The changes would not directly affect governmental finances or operations.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: For a condominium with seven or more units, the bill shortens the time by which the council of unit owners must furnish the owner with a certificate containing the information that must be supplied to the purchaser by the seller, from 20 days to 5 business days.

In satisfying a unit owner's request for a certificate, the council of unit owners is entitled to a reasonable fee of up to 10 cents per page of copying or a total of \$110 for all costs incurred in providing the information. If more than one council of unit owners is involved, the total fee for all councils may not exceed 10 cents per page of copying or a

total of \$125 for all costs incurred. In satisfying the request, the unit may only be inspected once.

For property in a development subject to a homeowners association, the bill requires the seller to provide the purchaser with the required disclosures within five business days after a written request of the seller.

In satisfying a seller's request for information contained in the required notice, the association is entitled to a reasonable fee of up to 10 cents per page of copying or a total of \$110 for all costs incurred in providing the information. If more than one homeowners association is involved, the total fee for all associations may not exceed 10 cents per page of copying or a total of \$125 for all costs incurred. In satisfying the request, the lot may only be inspected once.

Current Law: Generally, a contract for the retail of a condominium unit by its owner other than a developer is not enforceable unless the contract contains the required notice about the condominium and the owner furnishes the purchaser, no later than 15 days prior to closing: (1) a copy of the declaration; (2) the bylaws; (3) the condominium's rules or regulations; (4) a certificate containing specified information; and (5) a statement by the owner about the owner's knowledge about any alterations to the unit or limited common areas, violations of health or building codes respecting the unit or limited common areas, and whether the unit is subject to an extended lease under the State or a local set-aside provision.

The council of unit owners, within 20 days after receiving a written request by an owner and any fee the council requires, must furnish a certificate containing the information necessary to enable the owner to comply with the notice provisions.

For a condominium with fewer than seven units, a contract for the resale of a unit by its owner is not enforceable unless the contract contains the required notice about the condominium and the owner furnishes the purchaser not later than 15 days prior to closing: (1) a copy of the declaration; (2) the bylaws; (3) the condominium's rules and regulations; and (4) a statement by the owner of the owner's expenses during the preceding 12 months relating to the common elements.

A purchaser may at any time within seven days following receipt of all of the required information rescind the contract without stating any reason and without any liability. The purchaser is then entitled to the return of any deposits made because of the contract.

A contract for the resale of a lot in a development subject to a homeowners association or the initial sale if the development contains 12 or fewer lots to a member of the public who intends to occupy or rent the lot for residential purposes is not enforceable by the

seller unless the purchaser is given, on or before entering into the contract, or within 20 days of entering into the contract, the required disclosures. The disclosures must include: (1) information about whether the lot is located within such a development; (2) specified information on fees, assessments, or other charges; (3) the contact information of the association's agent; (4) specified information on the owner's knowledge of judgments, lawsuits, claims, violation actions, or notices; and (5) a copy of specified information on the development, including the articles of incorporation, declaration, and recorded covenants and restrictions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Secretary of State, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

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