

SENATE BILL 820

N1

4lr2407
CF 4lr2556

By: **Senators Forehand, DeGrange, Muse, and Peters**

Introduced and read first time: January 31, 2014

Assigned to: Judicial Proceedings

A BILL ENTITLED

AN ACT concerning

Condominiums and Homeowners Associations – Sales – Disclosure and Cancellation Requirements

FOR the purpose of altering the information that a purchaser must receive before a contract for the sale or resale of a unit in a condominium or a lot in a homeowners association may be enforced by the vendor or seller under certain circumstances; altering the time period within which a purchaser may cancel a contract for the sale or resale of a unit or lot without stating a reason and without liability on the part of the purchaser under certain circumstances; altering the time period within which a council of unit owners must furnish a certificate to a unit owner relating to certain disclosure requirements for the resale of a unit under certain circumstances; repealing a certain requirement that a purchaser of a unit provide certain information to the council of unit owners under certain circumstances; altering the standard for a vendor's fulfillment of a certain requirement to provide information to a purchaser of a lot if the property is subject to a declaration by a person who is not affiliated with the vendor under certain circumstances; authorizing a homeowners association to direct a vendor to obtain certain information from a depository under certain circumstances; making stylistic changes; providing for the application of this Act; and generally relating to sales in condominiums and homeowners associations.

BY repealing and reenacting, with amendments,

Article – Real Property

Section 11–126, 11–135, 11B–105, 11B–106, and 11B–108

Annotated Code of Maryland

(2010 Replacement Volume and 2013 Supplement)

BY adding to

Article – Real Property

Section 11–135.1

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Real Property

11–126.

(a) A contract for the initial sale of a unit to a member of the public is not enforceable by the vendor unless:

(1) The purchaser is given [on or before the time a contract is entered into between the vendor and the purchaser,] a current public offering statement as amended and registered with the Secretary of State containing all of the information set forth in subsection (b) of this section;

(2) THE PURCHASER IS GIVEN NOTICE OF ANY CHANGES IN THE MANDATORY FEES AND PAYMENTS EXCEEDING 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST AND ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENTS TO THE PUBLIC OFFERING STATEMENT AFTER THEY BECOME KNOWN TO THE VENDOR; and

[(2)] (3) The contract of sale contains, in conspicuous type, a notice of:

(i) The purchaser's right to receive a public offering statement and his rescission rights under this section; and

(ii) The warranties provided by § 11–131 of this title.

(b) The public offering statement required by subsection (a) of this section shall be sufficient for the purposes of this section if it contains at least the following:

(1) A copy of the proposed contract of sale for the unit;

(2) A copy of the proposed declaration, bylaws, and rules and regulations;

(3) A copy of the proposed articles of incorporation of the council of unit owners, if it is to be incorporated;

(4) A copy of any proposed management contract, insurance contract, employment contract, or other contract affecting the use of, maintenance of, or access to all or part of the condominium to which it is anticipated the unit owners or the

council of unit owners will be a party, and a statement of the right of the council of unit owners to terminate contracts entered into during the developer control period under § 11–133 of this title;

(5) A copy of the actual annual operating budget for the condominium or, if no actual operating budget exists, a copy of the projected annual operating budget for the condominium including reasonable details concerning:

(i) The estimated monthly payments by the purchaser for assessments;

(ii) Monthly charges for the use, rental, or lease of any facilities not part of the condominium;

(iii) The amount of the reserve fund for repair and replacement and its intended use; and

(iv) Any initial capital contribution or similar fee, other than assessments for common expenses, to be paid by unit owners to the council of unit owners or vendor, and a statement of how the fees will be used;

(6) A plain language statement of the policy and procedures for collecting assessments and handling collection of delinquencies, including reasonable details concerning:

(i) The number and percentage of unit owners who are delinquent or in arrears in an amount equal to or greater than 50% of the annual assessment of the unit owner;

(ii) The number of unsatisfied liens currently recorded against unit owners under the Maryland Contract Lien Act;

(iii) The number of unsatisfied judgments obtained against unit owners for unpaid assessments; and

(iv) The total amount of arrearages among all unit owners;

(7) A copy of any lease to which it is anticipated the unit owners or the council of unit owners will be a party following closing;

(8) A description of any contemplated expansion of the condominium with a general description of each stage of expansion and the maximum number of units that can be added to the condominium;

(9) A copy of the floor plan of the unit or the proposed condominium plats;

(10) A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or by the council of unit owners, and a statement as to whether or not they are to be part of the common elements;

(11) A statement as to whether streets within the condominium are to be dedicated to public use or maintained by the council of unit owners;

(12) A statement of any judgments against the council of unit owners and the existence of any pending suits to which the council of unit owners is a party;

(13) In the case of a condominium containing buildings substantially completed more than 5 years prior to the filing of the application for registration under § 11–127 of this title, a statement of the physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements, to the extent reasonably ascertainable, and estimated costs of repairs for which a present need is disclosed in the statement and a statement of repairs which the vendor intends to make. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this State;

(14) A description of any provision in the declaration or bylaws limiting or providing for the duration of developer control or requiring the phasing-in of unit owner participation, or a statement that there is no such provision;

(15) If the condominium is one which will be created by the conversion of a rental facility, a copy of the notice and materials required by §§ 11–102.1 and 11–137 of this title;

(16) A statement of whether the unit being purchased is subject to an extended lease under § 11–137 of this title, or local law, and a copy of any extended lease;

(17) A written notice of the unit owner's responsibility for the council of unit owners' property insurance deductible and the amount of the deductible; and

(18) Any other information required by regulation duly adopted and issued by the Secretary of State.

(c) A person may not advertise or represent that the Secretary of State has approved or recommended the condominium, the public offering statement, or any of the documents contained in the application for registration.

(d) (1) Following execution of a contract of sale by a purchaser, the vendor may not amend any of the material required to be furnished by subsection (a) of this section without the approval of the purchaser if the amendment would affect materially the rights of the purchaser.

(2) Approval is not required if the amendment is required by any governmental authority or public utility, or if the amendment is made as a result of actions beyond the control of the vendor or in the ordinary course of affairs of the council of unit owners.

(3) A copy of any amendments shall be delivered promptly to any purchaser and to the Secretary of State.

(e) (1) **(I)** [Any purchaser may at any time (i) within 15 days following receipt of all of the information required under subsection (b) of this section or the signing of the contract, whichever is later; and (ii) within 5 days following receipt of the information required under subsection (d) of this section, rescind in writing the contract of sale without stating any reason and without any liability on his part, and he shall be] **IF A PURCHASER HAS NOT RECEIVED ALL OF THE INFORMATION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION AT LEAST 7 CALENDAR DAYS BEFORE THE SALES CONTRACT IS ENTERED INTO, THE PURCHASER, WITHIN 7 CALENDAR DAYS FOLLOWING RECEIPT OF ALL THE INFORMATION, MAY CANCEL IN WRITING THE CONTRACT WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.**

(II) IF A PURCHASER RECEIVES NOTICE OF A CHANGE IN THE MANDATORY FEES AND PAYMENTS THAT EXCEEDS 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST OR ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENT TO THE INFORMATION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION THAT ADVERSELY AFFECTS THE PURCHASER, THE PURCHASER, WITHIN 3 CALENDAR DAYS FOLLOWING RECEIPT OF THE NOTICE OR AMENDMENT, MAY CANCEL IN WRITING THE CONTRACT OF SALE WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.

(2) ON RESCISSION, THE PURCHASER IS entitled to the return of any deposits made on account of the contract.

[(2)] (3) The return of any deposits held in trust by a licensed real estate broker to a purchaser under this subsection shall comply with the procedures set forth in § 17-505 of the Business Occupations and Professions Article.

(f) Any vendor who, in disclosing the information required under subsections (a) and (b) of this section, makes any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading, shall be liable to any person purchasing a unit from the vendor for those damages proximately caused by the vendor's untrue statement or omission. However, an action may not be maintained to enforce any liability created under this section unless brought within 1 year after the facts constituting the cause of action are or should have been discovered.

(g) 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 any purchaser proceeds to closing, [his] **THE PURCHASER'S** right under this section to rescind is terminated.

(h) This section does not apply to the sale of any unit which is to be occupied and used for nonresidential purposes.

(i) This section applies to the sale of any unit offered for sale in the State without regard to the location of the condominium.

(j) The provisions of this section do not apply to a sale of a unit in an action to foreclose a mortgage or deed of trust.

11-135.

(a) Except as provided in [subsection (b) of this section] **§ 11-135.1 OF THIS TITLE**, a contract for the resale of a unit by a unit owner other than a developer is not enforceable **BY THE SELLER** 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 days prior to closing]:

(1) THE PURCHASER IS GIVEN THE DISCLOSURES SET FORTH IN SUBSECTION (B) OF THIS SECTION;

(2) THE PURCHASER IS GIVEN NOTICE OF ANY CHANGES IN THE MANDATORY FEES AND PAYMENTS EXCEEDING 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST AND ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENTS TO THE DISCLOSURES AFTER THEY BECOME KNOWN TO THE SELLER; AND

(3) THE CONTRACT OF SALE CONTAINS A NOTICE IN CONSPICUOUS TYPE, IN A FORM SUBSTANTIALLY THE SAME AS THE FOLLOWING:

“NOTICE

THIS SALE IS SUBJECT TO THE MARYLAND CONDOMINIUM ACT (“ACT”). THE ACT REQUIRES THAT THE SELLER DISCLOSE TO YOU CERTAIN INFORMATION CONCERNING THE CONDOMINIUM, WHICH IS DESCRIBED IN § 11-135 OF THE ACT. THIS INFORMATION MUST INCLUDE AT LEAST THE FOLLOWING:

(I) A COPY OF THE DECLARATION (OTHER THAN THE PLATS);

(II) A COPY OF THE BYLAWS;

(III) A COPY OF THE RULES AND REGULATIONS OF THE CONDOMINIUM;

(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;

2. A STATEMENT OF THE AMOUNT OF THE MONTHLY COMMON EXPENSE ASSESSMENT AND ANY UNPAID COMMON EXPENSE OR SPECIAL ASSESSMENT CURRENTLY DUE AND PAYABLE FROM THE SELLING UNIT OWNER;

3. A STATEMENT OF ANY OTHER FEES PAYABLE BY THE UNIT OWNERS TO THE COUNCIL OF UNIT OWNERS;

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;

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;

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;

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;

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;

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 THE LEASEHOLD ESTATE; AND

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;

(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;

2. OF ANY VIOLATION OF THE HEALTH OR BUILDING CODES WITH RESPECT TO THE UNIT OR THE LIMITED COMMON ELEMENTS ASSIGNED TO THE UNIT; OR

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; AND

(vi) A WRITTEN NOTICE OF THE UNIT OWNER'S RESPONSIBILITY FOR THE COUNCIL OF UNIT OWNERS' PROPERTY INSURANCE DEDUCTIBLE AND THE AMOUNT OF THE DEDUCTIBLE.

IF YOU DO NOT RECEIVE THIS INFORMATION AT LEAST 7 CALENDAR DAYS BEFORE ENTERING INTO A CONTRACT FOR THE PURCHASE OF THE UNIT, YOU HAVE THE RIGHT TO CANCEL THE CONTRACT WITHOUT PENALTY, AT ANY TIME

WITHIN 7 DAYS FOLLOWING DELIVERY TO YOU OF ALL OF THIS INFORMATION. HOWEVER, ONCE THE SALE IS CLOSED, YOUR RIGHT TO CANCEL THE CONTRACT IS TERMINATED.”.

(B) THE SELLER SHALL PROVIDE THE PURCHASER THE FOLLOWING INFORMATION IN WRITING:

- (1) A copy of the declaration (other than the plats);
- (2) The bylaws;
- (3) The rules or regulations of the condominium;
- (4) A certificate containing:
 - (i) 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;
 - (ii) A statement setting forth the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;
 - (iii) A statement of any other fees payable by the unit owners to the council of unit owners;
 - (iv) A statement of any capital expenditures approved by the council of unit owners planned at the time of the conveyance which are not reflected in the current operating budget disclosed under item (vi) of this item;
 - (v) The most recent regularly prepared balance sheet and income expense statement, if any, of the condominium;
 - (vi) The current operating budget of the condominium including details concerning the reserve fund for repair and replacement and its intended use, or a statement that there is no reserve fund;
 - (vii) 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;
 - (viii) A statement generally describing any insurance policies provided for the benefit of unit owners, a notice that copies of the policies are available for inspection, stating the location at which the copies are available, and a notice that the terms of the policy prevail over the description;
 - (ix) 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;

(x) 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;

(xi) A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal thereof; and

(xii) 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;

(5) A statement by the unit owner as to whether the unit owner has knowledge:

(i) 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;

(ii) Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit; and

(iii) 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; and

(6) A written notice of the unit owner's responsibility for the council of unit owners' property insurance deductible and the amount of the deductible.

[(b) A contract for the resale by a unit owner other than a developer of a unit in a condominium containing less than 7 units is not enforceable unless the contract of sale contains in conspicuous type a notice in the form specified in subsection (g)(2) of this section, and the unit owner furnishes to the purchaser not later than 15 days prior to closing:

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

(2) The bylaws;

(3) The rules and regulations of the condominium;

(4) A statement by the unit owner of the unit owner's expenses during the preceding 12 months relating to the common elements; and

(5) A written notice of the unit owner's responsibility for the council of unit owners' property insurance deductible and the amount of the deductible.]

(c) (1) The council of unit owners, within [20] 7 days after a written request by a [unit owner] **SELLER** and receipt of a reasonable fee therefor, not to exceed the cost to the council of unit owners, if any, shall furnish a certificate containing the information necessary to enable the [unit owner] **SELLER** to comply with subsection [(a)] **(B)** of this section. A [unit owner] **SELLER** providing a certificate under subsection [(a)] **(B)** of this section is not liable to the purchaser for any erroneous information provided by the council of unit owners and included in the certificate.

(2) With respect to the remaining information that the [unit owner] **SELLER** is required to disclose under subsection [(a)] **(B)** of this section that is not provided by the council of unit owners and included in the certificate, a [unit owner] **SELLER**:

(i) Except as provided in item (ii) of this paragraph, is liable to the purchaser under this section for damages proximately caused by:

1. An untrue statement about a material fact; and
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

(ii) Is not liable to the purchaser under this section if the [owner] **SELLER** 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.

(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] **SELLER** 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.

(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.

(f) (1) **(I)** [Any purchaser may at any time within 7 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 part] **IF A PURCHASER HAS NOT RECEIVED ALL OF THE DISCLOSURES REQUIRED UNDER SUBSECTION (B) OF THIS SECTION AT LEAST 7 CALENDAR DAYS BEFORE A SALES CONTRACT IS ENTERED INTO, THE PURCHASER, WITHIN 7 CALENDAR DAYS FOLLOWING RECEIPT OF ALL THE DISCLOSURES, MAY CANCEL IN WRITING THE CONTRACT WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.**

(II) IF A PURCHASER RECEIVES NOTICE OF A CHANGE IN THE MANDATORY FEES AND PAYMENTS THAT EXCEEDS 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST OR ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENT TO THE DISCLOSURES REQUIRED UNDER SUBSECTION (B) OF THIS SECTION THAT ADVERSELY AFFECTS THE PURCHASER, THE PURCHASER, WITHIN 3 CALENDAR DAYS FOLLOWING RECEIPT OF THE NOTICE OR AMENDMENT, MAY CANCEL IN WRITING THE CONTRACT WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.

(2) The purchaser, upon rescission, is entitled to the return of any deposits made on account of the contract.

(3) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to a purchaser under this subsection shall comply with the procedures set forth in § 17–505 of the Business Occupations and Professions Article.

[(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:

“NOTICE

The seller is required by law to furnish to you not later than 15 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:

- (i) A copy of the declaration (other than the plats);
- (ii) A copy of the bylaws;
- (iii) A copy of the rules and regulations of the condominium;
- (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;

2. A statement of the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;

3. A statement of any other fees payable by the unit owners to the council of unit owners;

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;

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;

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;

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;

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;

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

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

(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.

2. Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit.

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 days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated.”

(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:

“NOTICE

The seller is required by law to furnish to you not later than 15 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:

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

(2) A copy of the bylaws;

(3) A copy of the rules and regulations of the condominium; and

(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 days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated.”

(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.]

[(i)] (G) This section does not apply to the sale of any unit which is to be used and occupied for nonresidential purposes.

[(j)] (H) [Subsections (a), (b), (c), (d), (e), (f), and (g) of this] **THIS** section [do] **DOES** not apply to a sale of a unit in an action to foreclose a mortgage or deed of trust.

11-135.1.

(A) A CONTRACT FOR THE RESALE OF A UNIT BY A UNIT OWNER OTHER THAN A DEVELOPER OF A UNIT IN A CONDOMINIUM CONTAINING LESS THAN 7 UNITS IS NOT ENFORCEABLE BY THE SELLER UNLESS :

(1) THE PURCHASER IS GIVEN THE DISCLOSURES SET FORTH IN SUBSECTION (B) OF THIS SECTION;

(2) THE PURCHASER IS GIVEN NOTICE OF ANY CHANGES IN THE MANDATORY FEES AND PAYMENTS EXCEEDING 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST AND ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENTS TO THE DISCLOSURES AFTER THEY BECOME KNOWN TO THE SELLER; AND

(3) THE CONTRACT OF SALE CONTAINS A NOTICE IN CONSPICUOUS TYPE, IN A FORM SUBSTANTIALLY THE SAME AS THE FOLLOWING:

“NOTICE

THIS SALE IS SUBJECT TO THE MARYLAND CONDOMINIUM ACT (“ACT”). THE ACT REQUIRES THAT THE SELLER DISCLOSE TO YOU CERTAIN INFORMATION CONCERNING THE CONDOMINIUM, WHICH IS DESCRIBED IN § 11-135.1 OF THE ACT. THIS INFORMATION MUST INCLUDE AT LEAST THE FOLLOWING:

(1) A COPY OF THE DECLARATION (OTHER THAN THE PLATS);

(2) A COPY OF THE BYLAWS;

(3) A COPY OF THE RULES AND REGULATIONS OF THE CONDOMINIUM;

(4) A STATEMENT OF THE SELLER OF THE SELLER’S EXPENSES RELATING TO THE COMMON ELEMENTS DURING THE PRECEDING 12 MONTHS; AND

(5) A WRITTEN NOTICE OF THE UNIT OWNER'S RESPONSIBILITY FOR THE COUNCIL OF UNIT OWNERS' PROPERTY INSURANCE DEDUCTIBLE AND THE AMOUNT OF THE DEDUCTIBLE.

IF YOU DO NOT RECEIVE THIS INFORMATION AT LEAST 7 CALENDAR DAYS BEFORE ENTERING INTO A CONTRACT FOR THE PURCHASE OF THE UNIT, YOU HAVE THE RIGHT TO CANCEL THE CONTRACT WITHOUT PENALTY, AT ANY TIME WITHIN 7 DAYS FOLLOWING DELIVERY TO YOU OF ALL OF THIS INFORMATION. HOWEVER, ONCE THE SALE IS CLOSED, YOUR RIGHT TO CANCEL THE CONTRACT IS TERMINATED.”.

(B) THE SELLER SHALL PROVIDE THE PURCHASER THE FOLLOWING INFORMATION IN WRITING:

- (1) A COPY OF THE DECLARATION (OTHER THAN THE PLATS);**
- (2) THE BYLAWS;**
- (3) THE RULES OR REGULATIONS OF THE CONDOMINIUM;**
- (4) A STATEMENT BY THE SELLER OF THE SELLER'S EXPENSES DURING THE PRECEDING 12 MONTHS RELATING TO THE COMMON ELEMENTS;**
- (5) A WRITTEN NOTICE OF THE SELLER'S RESPONSIBILITY FOR THE COUNCIL OF UNIT OWNERS' PROPERTY INSURANCE DEDUCTIBLE AND THE AMOUNT OF THE DEDUCTIBLE; AND**
- (6) ANY CHANGES IN MANDATORY FEES AND PAYMENTS EXCEEDING 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST AND ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENTS TO THE DISCLOSURES AFTER THEY BECOME KNOWN TO THE SELLER.**

(C) 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, THE PURCHASER'S RIGHT TO RESCIND THE CONTRACT UNDER SUBSECTION (D) OF THIS SECTION IS TERMINATED.

(D) (1) (I) IF A PURCHASER HAS NOT RECEIVED ALL OF THE DISCLOSURES REQUIRED UNDER SUBSECTION (B) OF THIS SECTION AT LEAST 7 CALENDAR DAYS BEFORE A SALES CONTRACT IS ENTERED INTO, THE PURCHASER, WITHIN 7 CALENDAR DAYS FOLLOWING RECEIPT OF ALL THE

DISCLOSURES, MAY CANCEL IN WRITING THE CONTRACT WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.

(II) IF A PURCHASER RECEIVES NOTICE OF A CHANGE IN THE MANDATORY FEES AND PAYMENTS THAT EXCEEDS 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST OR ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENT TO THE DISCLOSURES REQUIRED UNDER SUBSECTION (B) OF THIS SECTION THAT ADVERSELY AFFECTS THE PURCHASER, THE PURCHASER, WITHIN 3 CALENDAR DAYS FOLLOWING RECEIPT OF THE NOTICE OR AMENDMENT, MAY CANCEL IN WRITING THE CONTRACT WITHOUT STATING A REASON AND WITHOUT LIABILITY ON THE PART OF THE PURCHASER.

(2) ON RESCISSION, THE PURCHASER IS ENTITLED TO THE RETURN OF ANY DEPOSITS MADE ON ACCOUNT OF THE CONTRACT.

(3) IF ANY DEPOSITS ARE HELD IN TRUST BY A LICENSED REAL ESTATE BROKER, THE RETURN OF THE DEPOSITS TO A PURCHASER UNDER THIS SUBSECTION SHALL COMPLY WITH THE PROCEDURES SET FORTH IN § 17-505 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.

(E) THIS SECTION DOES NOT APPLY TO THE SALE OF ANY UNIT WHICH IS TO BE USED AND OCCUPIED FOR NONRESIDENTIAL PURPOSES.

(F) THIS SECTION DOES NOT APPLY TO A SALE OF A UNIT IN AN ACTION TO FORECLOSE A MORTGAGE OR DEED OF TRUST.

11B-105.

(a) A contract for the initial sale of a lot in a development containing more than 12 lots to a member of the public who intends to occupy or rent the lot for residential purposes is not enforceable by the vendor unless:

(1) The purchaser is given[, at or before the time a contract is entered into between the vendor and the purchaser, or within 7 calendar days of entering into the contract,] the disclosures set forth in subsection (b) of this section;

(2) The purchaser is given notice of any changes in mandatory fees and payments exceeding [10 percent] 10% of the amount previously stated to exist [or] AND any other substantial and material [amendment] AMENDMENTS to the disclosures after [the same becomes] THEY BECOME known to the vendor; and

(3) The contract of sale contains a notice in conspicuous type[, which shall include bold and underscored type,] in a form substantially the same as the following:

“This sale is subject to the requirements of the Maryland Homeowners Association Act (the “Act”). The Act requires that the seller disclose to you [at or before the time the contract is entered into, or within 7 calendar days of entering into the contract,] certain information concerning the development in which the lot you are purchasing is located. The content of the information to be disclosed is set forth in § 11B–105(b) of the Act (the “MHAA information”) as follows:

(The notice shall include at this point the text of § 11B–105(b) in its entirety).

If you have not received all of the MHAA information [5] 7 calendar days or more before entering into the contract, you have [5] 7 calendar days to cancel this contract after receiving all of the MHAA information. You must cancel the contract in writing, but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding 10% of the amount previously stated to exist and copies of any other substantial and material amendment to the information provided to you. You have 3 calendar days to cancel this contract after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendment to the MHAA information which adversely affects you. If you do cancel the contract you will be entitled to a refund of any deposit you made on account of the contract. However, unless you return the MHAA information to the seller when you cancel the contract, the seller may keep out of your deposit the cost of reproducing the MHAA information, or \$100, whichever amount is less.

By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities, and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:

- (1) Architectural changes, design, color, landscaping, or appearance;
- (2) Occupancy density;
- (3) Kind, number, or use of vehicles;
- (4) Renting, leasing, mortgaging, or conveying property;
- (5) Commercial activity; or
- (6) Other matters.

You should review the MHAA information carefully to ascertain your rights, responsibilities, and obligations within the development.”

(b) The vendor shall provide the purchaser the following information in writing:

(1) (i) The name, principal address, and telephone number of the vendor and of the declarant, if the declarant is not the vendor; or

(ii) If the vendor is a corporation or partnership, the names and addresses of the principal officers of the corporation, or general partners of the partnership;

(2) (i) The name, if any, of the homeowners association; and

(ii) If incorporated, the state in which the homeowners association is incorporated and the name of the Maryland resident agent;

(3) A description of:

(i) The location and size of the development, including the minimum and maximum number of lots currently planned or permitted, if applicable, which may be contained within the development; and

(ii) Any property owned by the declarant or the vendor contiguous to the development which is to be dedicated to public use;

(4) If the development is or will be within or a part of another development, a general description of the other development;

(5) If the declarant has reserved in the declaration the right to annex additional property to the development, a description of the size and location of the additional property and the approximate number of lots currently planned to be contained in the development, as well as any time limits within which the declarant may annex such property;

(6) A copy of:

(i) The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable; and

(ii) The bylaws and rules of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable;

(7) A description or statement of any property which is currently planned to be owned, leased, or maintained by the homeowners association;

(8) A copy of the estimated proposed or actual annual budget for the homeowners association for the current fiscal year, including a description of the replacement reserves for common area improvements, if any, and a copy of the current projected budget for the homeowners association based upon the development fully expanded in accordance with expansion rights contained in the declaration;

(9) A statement of current or anticipated mandatory fees or assessments to be paid by owners of lots within the development for the use, maintenance, and operation of common areas and for other purposes related to the homeowners association and whether the declarant or vendor will be obligated to pay the fees in whole or in part;

(10) (i) A brief description of zoning and other land use requirements affecting the development; or

(ii) A written disclosure of where the information is available for inspection;

(11) A statement regarding:

(i) When mandatory homeowners association fees or assessments will first be levied against owners of lots;

(ii) The procedure for increasing or decreasing such fees or assessments;

(iii) How fees or assessments and delinquent charges will be collected;

(iv) Whether unpaid fees or assessments are a personal obligation of owners of lots;

(v) Whether unpaid fees or assessments bear interest and if so, the rate of interest;

(vi) Whether unpaid fees or assessments may be enforced by imposing a lien on a lot under the terms of the Maryland Contract Lien Act; and

(vii) Whether lot owners will be assessed late charges or attorneys' fees for collecting unpaid fees or assessments and any other consequences for the nonpayment of the fees or assessments;

(12) If any sums of money are to be collected at settlement for contribution to the homeowners association other than prorated fees or assessments, a statement of the amount to be collected and the intended use of such funds; and

(13) A description of special rights or exemptions reserved by or for the benefit of the declarant or the vendor, including:

(i) The right to conduct construction activities within the development;

(ii) The right to pay a reduced homeowners association fee or assessment; and

(iii) Exemptions from use restrictions or architectural control provisions contained in the declaration or provisions by which the declarant or the vendor intends to maintain control over the homeowners association.

(c) Except as provided in subsection (d) of this section, the requirements of subsection (b) of this section shall be deemed to have been fulfilled if the information required to be disclosed is provided to the purchaser in writing in a clear and concise manner. The disclosure may be summarized or produced in a collection of documents, including plats, the declaration, or the organizational documents of the homeowners association, provided those documents effectively convey the required information to the purchaser.

(d) (1) (i) Subject to the provisions of subparagraph (ii) of this paragraph, if any of the information required to be disclosed by subsection (b) of this section concerns property that is subjected to a declaration by a person who is not affiliated with the vendor, within [20] 7 calendar days after receipt of a written request from the vendor of such property, and receipt of a reasonable fee therefor not to exceed the cost, if any, of reproduction, an unaffiliated declarant shall notify the vendor in writing of the information that is contained in the depository, and furnish the information necessary to enable the vendor to comply with subsection (b) of this section; and

(ii) An unaffiliated declarant may not be required to furnish information regarding a homeowners association over which the unaffiliated declarant has no control, or with respect to any declaration which the unaffiliated declarant did not file.

(2) A vendor is not liable to the purchaser for any erroneous information provided by an unaffiliated declarant, so long as the vendor provides the purchaser with a certificate stating the name of the person who provided the information along with an address and telephone number for contacting such person.

(e) (1) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

(2) In satisfying a vendor's request for any information described under subsection (b) of this section, a homeowners association:

(i) Shall be entitled to direct the vendor to obtain such information from the depository for all disclosures contained in the depository after June 30, 1989; and

(ii) May not be required to supply a vendor with any information which is contained in the depository.

(f) The provisions of this section do not apply to a sale of a lot in an action to foreclose a mortgage or deed of trust.

11B-106.

(a) A contract for the resale of a lot within a development, or for the initial sale of a lot within a development containing 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 vendor unless:

(1) The purchaser is given[, on or before entering into the contract for the sale of such lot, or within 20 calendar days of entering into the contract,] the disclosures set forth in subsection (b) of this section;

(2) The purchaser is given **NOTICE OF** any changes in mandatory fees and payments exceeding [10 percent] **10%** of the amount previously stated to exist and any other substantial and material [amendment] **AMENDMENTS** to the disclosures after they become known to the vendor; and

(3) The contract of sale contains a notice in conspicuous type[, which shall include bold and underscored type,] in a form substantially the same as the following:

“This sale is subject to the requirements of the Maryland Homeowners Association Act (the “Act”). The Act requires that the seller disclose to you [at or before the time the contract is entered into, or within 20 calendar days of entering into the contract,] certain information concerning the development in which the lot you are purchasing is located. The content of the information to be disclosed is set forth in § 11B-106(b) of the Act (the “MHAA information”) as follows:

(The notice shall include at this point the text of § 11B-106(b) in its entirety).

If you have not received all of the MHAA information [5] **7** calendar days or more before entering into the contract, you have [5] **7** calendar days to cancel this contract after receiving all of the MHAA information. You must cancel the contract in writing, but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding 10% of the amount previously stated to exist and copies of any other substantial and material amendment to the

information provided to you. You have 3 calendar days to cancel this contract after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendment to the MHAA information which adversely affects you. If you do cancel the contract you will be entitled to a refund of any deposit you made on account of the contract. However, unless you return the MHAA information to the seller when you cancel the contract, the seller may keep out of your deposit the cost of reproducing the MHAA information, or \$100, whichever amount is less.

By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities, and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:

- (1) Architectural changes, design, color, landscaping, or appearance;
- (2) Occupancy density;
- (3) Kind, number, or use of vehicles;
- (4) Renting, leasing, mortgaging, or conveying property;
- (5) Commercial activity; or
- (6) Other matters.

You should review the MHAA information carefully to ascertain your rights, responsibilities, and obligations within the development.”

(b) The vendor shall provide the purchaser the following information in writing:

- (1) A statement as to whether the lot is located within a development;
- (2)
 - (i) The current monthly fees or assessments imposed by the homeowners association upon the lot;
 - (ii) The total amount of fees, assessments, and other charges imposed by the homeowners association upon the lot during the prior fiscal year of the homeowners association; and
 - (iii) A statement of whether any of the fees, assessments, or other charges against the lot are delinquent;
- (3) The name, address, and telephone number of the management agent of the homeowners association, or other officer or agent authorized by the homeowners association to provide to members of the public, information regarding

the homeowners association and the development, or a statement that no agent or officer is presently so authorized by the homeowners association;

(4) A statement as to whether the owner has actual knowledge of:

(i) The existence of any unsatisfied judgments or pending lawsuits against the homeowners association; and

(ii) Any pending claims, covenant violations actions, or notices of default against the lot; and

(5) A copy of:

(i) The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development, and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner's tenants, if applicable; and

(ii) The bylaws and rules of the primary development, and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable.

(c) (1) Within 30 calendar days of any resale transfer of a lot within a development, the transferor shall notify the homeowners association for the primary development of the transfer.

(2) The notification shall include, to the extent reasonably available, the name and address of the transferee, the name and forwarding address of the transferor, the date of transfer, the name and address of any mortgagee, and the proportionate amount of any outstanding homeowners association fee or assessment assumed by each of the parties to the transaction.

(d) **[The] EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE** requirements of subsection (b) of this section shall be deemed to have been fulfilled if the information required to be disclosed is provided to the purchaser in writing in a clear and concise manner. The disclosures may be summarized or produced in any collection of documents, including plats, the declaration, or the organizational documents of the homeowners association, provided those documents effectively convey the required information to the purchaser.

(E) (1) (I) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (II) OF THIS PARAGRAPH, IF ANY OF THE INFORMATION REQUIRED TO BE DISCLOSED BY SUBSECTION (B) OF THIS SECTION CONCERNS PROPERTY THAT IS

SUBJECTED TO A DECLARATION BY A PERSON WHO IS NOT AFFILIATED WITH THE VENDOR, WITHIN 7 CALENDAR DAYS AFTER RECEIPT OF A WRITTEN REQUEST FROM THE VENDOR OF THE PROPERTY, AND RECEIPT OF A REASONABLE FEE NOT TO EXCEED THE COST, IF ANY, OF REPRODUCTION, AN UNAFFILIATED DECLARANT SHALL NOTIFY THE VENDOR IN WRITING OF THE INFORMATION THAT IS CONTAINED IN THE DEPOSITORY, AND FURNISH THE INFORMATION NECESSARY TO ENABLE THE VENDOR TO COMPLY WITH SUBSECTION (B) OF THIS SECTION.

(II) AN UNAFFILIATED DECLARANT MAY NOT BE REQUIRED TO FURNISH INFORMATION REGARDING A HOMEOWNERS ASSOCIATION OVER WHICH THE UNAFFILIATED DECLARANT HAS NO CONTROL, OR WITH RESPECT TO ANY DECLARATION THAT THE UNAFFILIATED DECLARANT DID NOT FILE.

(2) A VENDOR IS NOT LIABLE TO THE PURCHASER FOR ANY ERRONEOUS INFORMATION PROVIDED BY AN UNAFFILIATED DECLARANT, SO LONG AS THE VENDOR PROVIDES THE PURCHASER WITH A CERTIFICATE STATING THE NAME OF THE PERSON WHO PROVIDED THE INFORMATION ALONG WITH AN ADDRESS AND TELEPHONE NUMBER FOR CONTACTING THE PERSON.

(F) IN SATISFYING A VENDOR'S REQUEST FOR ANY INFORMATION DESCRIBED UNDER SUBSECTION (B) OF THIS SECTION, A HOMEOWNERS ASSOCIATION:

(1) SHALL BE ENTITLED TO DIRECT THE VENDOR TO OBTAIN THE INFORMATION FROM THE DEPOSITORY FOR ALL DISCLOSURES CONTAINED IN THE DEPOSITORY AFTER JUNE 30, 1989; AND

(2) MAY NOT BE REQUIRED TO SUPPLY A VENDOR WITH ANY INFORMATION THAT IS CONTAINED IN THE DEPOSITORY.

[(e)] (G) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

[(f)] (H) The provisions of [subsections (a), (b), (d), and (e) of] this section do not apply to the sale of a lot in an action to foreclose a mortgage or deed of trust.

11B-108.

(a) A person who enters into a contract as a purchaser but who has not received all of the disclosures required by § 11B-105, § 11B-106, or § 11B-107 of this title, as applicable, shall, prior to settlement, be entitled to cancel the contract and to the immediate return of deposits made on account of the contract.

(b) (1) Any purchaser who has not received all of the disclosures required under § 11B–105 or § 11B–106 of this title, as applicable, ~~[5]~~ **7** calendar days or more before the contract was entered into, within ~~[5]~~ **7** calendar days following receipt by the purchaser of the disclosures required by § 11B–105(a) and (b) or § 11B–106(a) and (b) of this title, as applicable, may cancel in writing the contract without stating a reason and without liability on the part of the purchaser.

(2) The purchaser shall be entitled to the return of any deposits made on account of the contract, except that the vendor shall be entitled to retain the cost of reproducing the information specified in § 11B–105(b), § 11B–106(b), or § 11B–107(b) of this title, as applicable, or \$100, whichever amount is less, if the disclosures are not returned to the vendor at the time the contract is cancelled.

(c) Any purchaser may within 3 calendar days following receipt by the purchaser of a change in mandatory fees and payments exceeding ~~[10 percent]~~ **10%** of the amount previously stated to exist or any other substantial and material amendment to the disclosures required by § 11B–105 or § 11B–106 of this title, as applicable, which adversely affects the purchaser, cancel in writing the contract without stating a reason and without liability on the part of the purchaser, and the purchaser shall be entitled to the return of deposits made on account of the contract.

(c–1) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to a purchaser under subsection (a), (b), or (c) of this section shall comply with the procedures set forth in § 17–505 of the Business Occupations and Professions Article.

(d) The rights of a purchaser under this section may not be waived in the contract and any attempted waiver is void. However, if any purchaser proceeds to settlement, the purchaser's right to cancel under this section is terminated.

(e) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

(f) The provisions of this section do not apply to a sale of a lot in an action to foreclose a mortgage or deed of trust.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any contract for the sale or resale of a unit in a condominium or a lot in a homeowners association used for residential purposes before the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2014.