

# SENATE BILL 815

N1

6lr3306  
CF 6lr2865

---

By: **Senator Muse**

Introduced and read first time: February 5, 2016

Assigned to: Judicial Proceedings

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Residential Real Property – Sales Contracts – Notice of Water and Sewer**  
3 **Charges**

4 FOR the purpose of making clarifying changes to a certain notice requirement about water  
5 and sewer charges in a contract for the initial sale of residential real property;  
6 requiring a contract for the resale of residential real property that is served by public  
7 water or wastewater facilities for which deferred water and sewer charges have been  
8 established by a recorded covenant or declaration to contain a certain notice  
9 concerning the deferred water and sewer charges; providing that a purchaser is  
10 entitled to certain rights for a violation of this Act; and generally relating to notices  
11 of water and sewer charges in contracts for the sale of residential real property.

12 BY repealing and reenacting, with amendments,  
13 Article – Real Property  
14 Section 14–117(a) and (b)  
15 Annotated Code of Maryland  
16 (2015 Replacement Volume)

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

19 **Article – Real Property**

20 14–117.

21 (a) (1) In this subsection, “water and sewer authority” includes a person to  
22 which the duties and responsibilities of the Washington Suburban Sanitary Commission  
23 have been delegated by a written agreement or in accordance with a local ordinance.

24 (2) A contract for the initial sale of improved, residential real property to a  
25 member of the public who intends to occupy or rent the property for residential purposes

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 shall disclose the estimated cost, as established by the appropriate water and sewer  
2 authority, of any deferred water and sewer charges for which the purchaser may become  
3 liable.

4 (3) (i) In Prince George's County, a contract for the initial sale of  
5 residential real property for which there are deferred private water and sewer assessments  
6 recorded by a covenant or declaration deferring costs for water and sewer improvements  
7 for which the purchaser may be liable shall contain a disclosure that includes:

8 1. The existence of the deferred private water and sewer  
9 assessments;

10 2. The amount of the annual assessment;

11 3. The approximate number of payments remaining on the  
12 assessment;

13 4. The amount remaining on the assessment, including  
14 interest;

15 5. The name and address of the person or entity most  
16 recently responsible for collection of the assessment;

17 6. The interest rate on the assessment;

18 7. The estimated payoff amount of the assessment; and

19 8. A statement that payoff of the assessment is allowed  
20 without prepayment penalty.

21 (ii) A person or entity establishing water and sewer costs for the  
22 initial sale of residential real property may not amortize costs that are passed on to a  
23 purchaser by imposing a deferred water and sewer charge for a period longer than 20 years  
24 after the date of the initial sale.

25 (4) If the appropriate water and sewer authority has not established a  
26 schedule of charges for the water and sewer project that benefits [the] RESIDENTIAL REAL  
27 property or if a local jurisdiction has adopted a plan to benefit [the] RESIDENTIAL REAL  
28 property in the future, the contract [of] FOR THE INITIAL sale OF THE RESIDENTIAL  
29 REAL PROPERTY shall disclose that fact.

30 (5) A CONTRACT FOR THE RESALE OF RESIDENTIAL REAL PROPERTY  
31 THAT IS SERVED BY PUBLIC WATER OR WASTEWATER FACILITIES FOR WHICH  
32 DEFERRED WATER AND SEWER CHARGES HAVE BEEN ESTABLISHED BY A RECORDED  
33 COVENANT OR DECLARATION SHALL CONTAIN A NOTICE IN SUBSTANTIALLY THE  
34 FOLLOWING FORM:

1                   **“NOTICE REQUIRED BY MARYLAND LAW REGARDING**  
2                   **DEFERRED WATER AND SEWER CHARGES**

3   **THIS PROPERTY IS SUBJECT TO A FEE OR ASSESSMENT THAT PURPORTS TO COVER**  
4   **OR DEFRAY THE COST OF INSTALLING OR MAINTAINING ALL OR PART OF THE PUBLIC**  
5   **WATER OR WASTEWATER FACILITIES CONSTRUCTED BY THE DEVELOPER. THIS FEE**  
6   **OR ASSESSMENT IS \$\_\_\_, PAYABLE ANNUALLY IN ( \_\_MONTH\_\_ ) UNTIL ( \_\_DATE\_\_ )**  
7   **TO ( \_\_NAME AND ADDRESS\_\_ ) (HEREAFTER CALLED “LIENHOLDER”).**

8   **THERE MAY BE A RIGHT OF PREPAYMENT OR A DISCOUNT FOR EARLY PREPAYMENT,**  
9   **WHICH MAY BE ASCERTAINED BY CONTACTING THE LIENHOLDER. THIS FEE OR**  
10   **ASSESSMENT IS A CONTRACTUAL OBLIGATION BETWEEN THE LIENHOLDER AND**  
11   **EACH OWNER OF THIS PROPERTY, AND IS NOT IN ANY WAY A FEE OR ASSESSMENT**  
12   **IMPOSED BY THE COUNTY IN WHICH THE PROPERTY IS LOCATED.”.**

13           (b)   (1)   Violation of subsection (a)(2) or (4) of this section entitles the initial  
14   purchaser to recover from the seller:

15                   (i)   Two times the amount of deferred charges the purchaser would  
16   be obligated to pay during the 5 years of payments following the sale;

17                   (ii)   No amount greater than actually paid thereafter; and

18                   (iii)   Any deposit money actually paid by the purchaser that was lost  
19   as a result of a violation of subsection (a)(2) or (4) of this section.

20           (2)   Violation of subsection (a)(3) of this section entitles the purchaser to:

21                   (i)   Recover from the seller the total amount of deferred charges the  
22   purchaser will be obligated to pay following the sale;

23                   (ii)   Recover from the seller any money actually paid by the purchaser  
24   on the deferred charge that was lost as a result of a violation of subsection (a)(3) of this  
25   section; or

26                   (iii)   If the violation is discovered before settlement, rescind the real  
27   estate contract without penalty.

28                   **(3)   (1)   VIOLATION OF SUBSECTION (A)(5) OF THIS SECTION**  
29   **ENTITLES THE PURCHASER:**

30                   **1.   IF THE VIOLATION IS DISCOVERED BEFORE**  
31   **SETTLEMENT, TO RESCIND IN WRITING THE SALES CONTRACT WITHOUT PENALTY**  
32   **OR LIABILITY;**

1                                   **2. ON RESCISSION, TO THE FULL RETURN OF ANY**  
2 **DEPOSITS MADE ON ACCOUNT OF THE SALES CONTRACT; AND**

3                                   **3. AFTER SETTLEMENT, TO PAYMENT FROM THE SELLER**  
4 **FOR THE FULL AMOUNT OF ANY OPEN LIEN OR ASSESSMENT NOT DISCLOSED.**

5                                   **(II) THE PURCHASER'S RIGHT TO RESCIND UNDER THIS**  
6 **PARAGRAPH SHALL TERMINATE 5 DAYS AFTER THE SELLER PROVIDES A WRITTEN**  
7 **NOTICE IN ACCORDANCE WITH SUBSECTION (A)(5) OF THIS SECTION.**

8                                   **(III) IF ANY DEPOSITS ARE HELD IN TRUST BY A LICENSED REAL**  
9 **ESTATE BROKER, THE RETURN OF THE DEPOSITS TO A PURCHASER UNDER THIS**  
10 **PARAGRAPH SHALL COMPLY WITH THE PROCEDURES UNDER § 17-505 OF THE**  
11 **BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.**

12                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2016.