

SENATE BILL 75

C2

0lr1132

(PRE-FILED)

By: **Senator Ellis**

Requested: October 30, 2019

Introduced and read first time: January 8, 2020

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Home Builders – Performance Bond Requirement**

3 FOR the purpose of requiring a certain person to purchase a performance bond for the
4 construction of each new home; requiring the liability under a performance bond to
5 be for a certain duration; prohibiting a person from beginning construction of a new
6 home under certain circumstances; altering the circumstances under which a
7 building and permits department of a county may not issue a certain permit to
8 include failure to purchase a performance bond; and generally relating to home
9 builders.

10 BY adding to

11 Article – Business Regulation

12 Section 4.5–302.1

13 Annotated Code of Maryland

14 (2015 Replacement Volume and 2019 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – Business Regulation

17 Section 4.5–601

18 Annotated Code of Maryland

19 (2015 Replacement Volume and 2019 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

21 That the Laws of Maryland read as follows:

22 **Article – Business Regulation**

23 **4.5–302.1.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(A) (1) EACH PERSON THAT CONSTRUCTS NEW HOMES FOR SALE TO THE**
2 **PUBLIC SHALL PURCHASE A PERFORMANCE BOND FOR THE CONSTRUCTION OF**
3 **EACH NEW HOME.**

4 **(2) LIABILITY UNDER THE PERFORMANCE BOND SHALL BE FOR THE**
5 **DURATION OF THE CONSTRUCTION OF THE NEW HOME AND FOR A PERIOD OF 5**
6 **YEARS AFTER COMPLETION.**

7 **(B) UNLESS A HOME BUILDER IS BONDED AS REQUIRED BY SUBSECTION (A)**
8 **OF THIS SECTION, THE HOME BUILDER MAY NOT BEGIN CONSTRUCTION OF A NEW**
9 **HOME.**

10 4.5–601.

11 (a) Except for a building permit for construction to be performed directly by a
12 landowner solely for the landowner's own use, the building and permits department of a
13 county may not issue a permit for home building unless:

14 (1) the permit includes the home builder registration number of a
15 registrant; [and]

16 (2) the person pays the Guaranty Fund fee required under § 4.5–704 of this
17 title; AND

18 **(3) THE PERSON HAS PURCHASED A PERFORMANCE BOND AS**
19 **REQUIRED UNDER § 4.5–302.1 OF THIS TITLE.**

20 (b) Before issuing a permit for home building to a landowner, the building and
21 permits department of a county shall obtain the signature of the landowner affirming that
22 the permit is being issued solely for the purpose of the landowner performing work on the
23 landowner's own property.

24 (c) Nothing in this section shall be construed to relieve a registrant from the
25 obligation to obtain all other permits, licenses, and other authorizations for the
26 construction of a new home.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2020.