

HOUSE BILL 143

N1

(4lr0920)

ENROLLED BILL

— *Environment and Transportation/Judicial Proceedings* —

Introduced by ~~Delegate Foley~~ Delegates Foley, Holmes, and Ruth

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Condominiums – Sales Contracts – Asbestos Disclosure**

3 FOR the purpose of establishing the unenforceability of contracts for the sale of
4 condominium units that do not contain certain notice relating to the presence of
5 asbestos; and generally relating to contracts for the sale of condominium units.

6 BY repealing and reenacting, with amendments,

7 Article – Real Property

8 Section 11-126(a) and ~~11-135(a)(4)(x) and (xi) and (5)~~ 11-135(a)(5) and (g)(1)

9 Annotated Code of Maryland

10 (2023 Replacement Volume)

11 ~~BY adding to~~

12 ~~Article – Real Property~~

13 ~~Section 11-135(a)(4)(xii)~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



~~Annotated Code of Maryland
(2023 Replacement Volume)~~

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; and

(2) 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) 1. The warranties provided by § 11–131 of this title; and

2. Whether the council of unit owners has entered into any agreement that settles or releases the council of unit owners' claims related to common element warranties under § 11–131 of this title; **AND**

(III) A STATEMENT AS TO WHETHER THE VENDOR HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF ASBESTOS ~~ON THE SITE~~ IN THE CONDOMINIUM, INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, WHETHER ABATEMENT HAS BEEN PERFORMED, AND THE DATE OF ANY ABATEMENT.

11–135.

(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 days prior to closing:

~~(4) A certificate containing:~~

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

4 ~~(xi) 1. A statement as to whether the council of unit owners has~~
 5 ~~entered into any agreement that settles or releases the council of unit owners' claims~~
 6 ~~related to common element warranties under § 11-131 of this title; and~~

7 ~~2. A statement as to whether the board of directors has~~
 8 ~~disclosed to the council of unit owners in accordance with § 11-134.1(e)(2) of this title, the~~
 9 ~~board's intention to enter into an agreement for the purpose of settling a disputed common~~
 10 ~~element warranty claim under § 11-131 of this title; AND~~

11 ~~(XII) A STATEMENT AS TO WHETHER THE COUNCIL OF UNIT~~
 12 ~~OWNERS HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF ASBESTOS ON THE SITE IN~~
 13 ~~THE CONDOMINIUM, INCLUDING A DESCRIPTION OF THE LOCATION OF THE~~
 14 ~~ASBESTOS, WHETHER ABATEMENT HAS BEEN PERFORMED, AND THE DATE OF ANY~~
 15 ~~ABATEMENT;~~

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

18 (i) That any alteration to the unit or to the limited common
 19 elements assigned to the unit violates any provision of the declaration, bylaws, or rules and
 20 regulations;

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

23 (iii) That the unit is subject to an extended lease under § 11-137 of
 24 this title or under local law, and if so, a copy of the lease must be provided; and

25 (IV) OF THE PRESENCE OF ASBESTOS IN THE UNIT, INCLUDING
 26 A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, AND WHETHER ABATEMENT
 27 HAS BEEN PERFORMED IN THE UNIT DURING THE OCCUPANCY OF THE OWNER; AND

28 (g) (1) A notice given as required by subsection (a) of this section shall be
 29 sufficient for the purposes of this section if it is in substantially the following form:

30 "NOTICE

31 The seller is required by law to furnish to you not later than 15 days prior to closing
 32 certain information concerning the condominium which is described in § 11-135 of the
 33 Maryland Condominium Act. This information must include at least the following:

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

- 1 (ii) A copy of the bylaws;
- 2 (iii) A copy of the rules and regulations of the condominium;
- 3 (iv) A certificate containing:
- 4 1. A statement disclosing the effect on the proposed
5 conveyance of any right of first refusal or other restraint on the free alienability of the unit,
6 other than any restraint created by the unit owner;
- 7 2. A statement of the amount of the monthly common
8 expense assessment and any unpaid common expense or special assessment currently due
9 and payable from the selling unit owner;
- 10 3. A statement of any other fees payable by the unit owners
11 to the council of unit owners;
- 12 4. A statement of any capital expenditures approved by the
13 council of unit owners or its authorized designee planned at the time of the conveyance
14 which are not reflected in the current operating budget included in the certificate;
- 15 5. The most recently prepared balance sheet and income and
16 expense statement, if any, of the condominium;
- 17 6. The current operating budget of the condominium,
18 including details concerning the amount of the reserve fund for repair and replacement and
19 its intended use, or a statement that there is no reserve fund;
- 20 7. A statement of any judgments against the condominium
21 and the existence of any pending suits to which the council of unit owners is a party;
- 22 8. A statement generally describing any insurance policies
23 provided for the benefit of the unit owners, a notice that the policies are available for
24 inspection stating the location at which they are available, and a notice that the terms of
25 the policy prevail over the general description;
- 26 9. A statement as to whether the council of unit owners has
27 knowledge that any alteration or improvement to the unit or to the limited common
28 elements assigned to the unit violates any provision of the declaration, bylaws, or rules or
29 regulations;
- 30 10. A statement as to whether the council of unit owners has
31 knowledge of any violation of the health or building codes with respect to the unit, the
32 limited common elements assigned to the unit, or any other portion of the condominium,

1 INCLUDING ANY VIOLATION OF THE HEALTH OR BUILDING CODES RELATED TO
 2 ASBESTOS;

3 11. A statement of the remaining term of any leasehold estate
 4 affecting the condominium and the provisions governing any extension or renewal of it;

5 12. A description of any recreational or other facilities which
 6 are to be used by the unit owners or maintained by them or the council of unit owners, and
 7 a statement as to whether or not they are to be a part of the common elements; ~~{and}~~

8 13. A. A statement as to whether the council of unit
 9 owners has entered into any agreement that settles or releases the council of unit owners'
 10 claims related to common element warranties under § 11–131 of this title; and

11 B. A statement as to whether the board of directors has
 12 disclosed to the council of unit owners in accordance with § 11–134.1(c)(2) of this title, the
 13 board's intention to enter into an agreement for the purpose of settling a disputed common
 14 element warranty claim under § 11–131 of this title; and

15 ~~14. A STATEMENT AS TO WHETHER THE COUNCIL OF UNIT~~
 16 ~~OWNERS HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF ASBESTOS ON THE SITE IN~~
 17 ~~THE CONDOMINIUM, INCLUDING A DESCRIPTION OF THE LOCATION OF THE~~
 18 ~~ASBESTOS, WHETHER ABATEMENT WAS PERFORMED, AND THE DATE OF ANY~~
 19 ~~ABATEMENT; AND~~

20 (v) A statement by the unit owner as to whether the unit owner has
 21 knowledge:

22 1. That any alteration to the unit or to the limited common
 23 elements assigned to the unit violates any provision of the declaration, bylaws, or rules and
 24 regulations.

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

27 3. That the unit is subject to an extended lease under §
 28 11–137 of this title or under local law, and if so, a copy of the lease must be provided.

29 **4. OF THE PRESENCE OF ASBESTOS IN THE UNIT,**
 30 **INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, AND WHETHER**
 31 **ABATEMENT HAS BEEN PERFORMED IN THE UNIT DURING THE OCCUPANCY OF THE**
 32 **OWNER.**

33 You will have the right to cancel this contract without penalty, at any time within 7
 34 days following delivery to you of all of this information. However, once the sale is closed,
 35 your right to cancel the contract is terminated.”

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2024.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.