
By: Delegate Frank

Introduced and read first time: February 13, 1997

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1997

CHAPTER ____

1 AN ACT concerning

2 **Real Property - Contracts of Sales**

3 FOR the purpose of altering ~~the~~ a certain statement applicable to recordation and
4 transfer taxes that must be contained in a contract for use in the sale of residential
5 property used as a dwelling place for one or two single-family units; clarifying that
6 certain contracts of sale shall comply with certain provisions of law; and generally
7 relating to contracts of sale of real property.

8 BY repealing and reenacting, with amendments,
9 Article - Real Property
10 Section 14-117
11 Annotated Code of Maryland
12 (1996 Replacement Volume and 1996 Supplement)

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

15 **Article - Real Property**

16 14-117.

17 (a) A contract for the sale of real property subject to a ground rent shall contain
18 the following:

19 (1) Notice of the existence of the ground rent; and

20 (2) Notice that if the ground rent is not timely paid the effect may be:

21 (i) That the reversionary owner of the ground rent may bring an
22 action for possession against the ground rent tenant under § 8-402.2 of this article; and

1 (ii) As a result of the action for possession, the reversionary owner of
2 the ground rent may own the property in fee, discharged from the lease.

3 (b) A contract for the initial sale of improved, residential real property to a
4 member of the public who intends to occupy or rent the property for residential purposes
5 shall disclose the estimated cost, as established by the appropriate water and sewer
6 authority, of any deferred water and sewer charges for which the purchaser may become
7 liable. If the appropriate water and sewer authority has not established a schedule of
8 charges for the water and sewer project that benefits the property or if a local jurisdiction
9 has adopted a plan to benefit the property in the future, the contract of sale shall disclose
10 that fact.

11 (c) Violation of subsection (b) of this section entitles the initial purchaser to
12 recover from the seller:

13 (1) Two times the amount of deferred charges the purchaser would be
14 obligated to pay during the 5 years of payments following the sale;

15 (2) No amount greater than actually paid thereafter; and

16 (3) Any deposit moneys actually paid by the purchaser that were lost as a
17 result of violation of subsection (b) of this section.

18 (d) A contract for use in the sale of residential property used as a dwelling place
19 for one or two single-family units shall contain, in the manner provided under subsection
20 (e) of this section, the following statement:

21 "Section 14-104 of the Real Property Article of the Annotated Code of Maryland
22 provides that, unless otherwise negotiated in the contract or provided by STATE OR local
23 law, the cost of any recordation tax or any State or local transfer tax shall be shared
24 equally between the buyer and seller."

25 (e) The statement required under subsection (d) of this section shall be printed in
26 conspicuous type or handwritten in the contract or an addendum to the contract.

27 (f) A contract of sale shall also comply with the following provisions, if
28 applicable:

29 (1) Section 17-405 of the Business Occupations and Professions Article
30 (notice of purchaser's protection by Real Estate Guaranty Fund in an amount not to
31 exceed \$25,000);

32 (2) Section 17-504 of the Business Occupations and Professions Article
33 (notice by real estate broker pertaining to deposit in noninterest bearing account);

34 (3) Section 17-523 of the Business Occupations and Professions Article
35 (notice by real estate broker about recordation and transfer taxes);

36 (4) Section 17-524 of the Business Occupations and Professions Article
37 (notice of purchaser's right to select title company, SETTLEMENT COMPANY, ESCROW
38 COMPANY, MORTGAGE LENDER, OR FINANCIAL INSTITUTION);

1 (5) SECTION 8A-605 OF THIS ARTICLE (NOTICE OF PARK RULES TO BE
2 GIVEN TO BUYER PERTAINING TO SALES OF MOBILE HOMES);

3 (6) SECTION 10-103 OF THIS ARTICLE (NOTICES AND DISCLOSURES
4 PERTAINING TO LAND INSTALLMENT CONTRACTS);

5 (7) SECTIONS 10-301 AND 10-306 OF THIS ARTICLE (REQUIREMENTS AND
6 DISCLOSURES PERTAINING TO DEPOSITS ON NEW HOMES);

7 (8) SECTIONS 10-505 AND 10-506 OF THIS ARTICLE (REQUIREMENTS AND
8 DISCLOSURES PERTAINING TO CONTRACTS BETWEEN CUSTOM HOME BUILDERS
9 AND BUYERS);

10 (9) SECTIONS 10-602, 10-603, 10-604(B), AND 10-605 OF THIS ARTICLE
11 (NOTICES, DISCLOSURES, AND REQUIREMENTS PERTAINING TO NEW HOME
12 WARRANTIES);

13 [(5)] (10) Section 10-701 of this article (notice pertaining to sale of real
14 property in Prince George's County creating subdivision);

15 (11) SECTION 10-702 OF THIS ARTICLE (DISCLOSURE OR DISCLAIMER
16 STATEMENTS PERTAINING TO SINGLE-FAMILY RESIDENTIAL REAL PROPERTY);

17 [(6)] (12) Section 11-126 of this article (notice pertaining to initial sale of
18 condominium unit);

19 [(7)] (13) Section 11-135 of this article (notice pertaining to resale of
20 condominium unit);

21 (14) SECTIONS 11A-112, 11A-115, AND 11A-118 OF THIS ARTICLE
22 (STATEMENTS AND REQUIREMENTS PERTAINING TO TIME-SHARES);

23 [(8)] (15) Section 11B-105 of this article (notice pertaining to initial sale of
24 lot in development containing more than 12 lots);

25 [(9)] (16) Section 11B-106 of this article (notice pertaining to resale of any
26 lot or initial sale of lot in development containing 12 or fewer lots);

27 [(10)] (17) Section 11B-107 of this article (notice pertaining to initial sale of
28 lot not intended to be occupied or rented for residential purposes);

29 [(11)] (18) Section 5-6B-02 of the Corporations and Associations Article
30 (notice pertaining to initial sale of cooperative interests); [and]

31 [(12)] (19) Section 13-308 of the Tax - Property Article (notice of liability for
32 agricultural land transfer tax)[.]; ~~AND~~

33 (20) SECTION 13-504 OF THE TAX - PROPERTY ARTICLE (NOTICE OF
34 LIABILITY FOR AGRICULTURAL LAND TRANSFER TAX IN WASHINGTON COUNTY);
35 AND

36 (21) SECTION 6-824 OF THE ENVIRONMENTAL ARTICLE (DISCLOSURE
37 PERTAINING TO OBLIGATIONS TO PERFORM RISK REDUCTION).

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1 (g) Unless otherwise specifically provided, a contract of sale is not rendered
2 invalid by the omission of any statement referred to in this section.

3 (h) (1) This subsection applies to Prince George's County.

4 (2) A contract for the sale of real property on which a development impact
5 fee has been imposed shall contain a notice to the purchaser stating:

6 (i) That a development impact fee has been imposed on the property;

7 (ii) The total amount of the impact fee that has been imposed on the
8 property; and

9 (iii) The amount of the impact fee, if any, that is unpaid on the date of
10 the contract for the sale of the property.

11 (3) Violation of paragraph (2) of this subsection entitles the initial
12 purchaser to recover from the seller:

13 (i) Two times the amount of development impact fees the purchaser
14 would be obligated to pay following the sale;

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

16 (iii) Any deposit moneys actually paid by the purchaser that were lost
17 as a result of violation of paragraph (2) of this subsection.

18 (i) (1) This subsection applies to St. Mary's and Charles Counties.

19 (2) A contract for the sale of agriculturally assessed real property shall
20 include the following information:

21 "Notice: under § 9-241 of the Environment Article of the Annotated Code of
22 Maryland, the Department of the Environment is required to maintain permanent
23 records regarding every permit issued for the utilization of sewage sludge, including the
24 application of sewage sludge on farm land. A prospective buyer has the right to ascertain
25 all such information regarding the property being sold under this transaction."

26 (3) Omission of the notice required under paragraph (2) of this subsection
27 may not be a basis for invalidation of the contract for sale.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 1997.

