
By: **Prince George's County Delegation**

Introduced and read first time: February 9, 1998

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **New Homes - Escrow Accounts for Complaints**
3 **PG 413-98**

4 FOR the purpose of requiring new home builders to place certain sums of money into
5 certain escrow accounts to cover complaints of purchasers relating to certain
6 implied warranties; requiring that the escrow accounts be segregated from other
7 funds; requiring that the escrow accounts be maintained until certain implied
8 warranties or statutes of limitations expire; providing that this Act is not
9 intended to limit certain other actions or recovery; and generally relating to
10 establishing escrow accounts to cover complaints of new home purchasers
11 relating to implied warranties.

12 BY adding to

13 Article - Real Property

14 Section 10-203(e)

15 Annotated Code of Maryland

16 (1996 Replacement Volume and 1997 Supplement)

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

19 **Article - Real Property**

20 10-203.

21 (E) (1) EACH NEW HOME BUILDER SHALL PLACE A SUM OF MONEY EQUAL
22 TO 10% OF THE COST OF EACH NEW HOME INTO AN ESCROW ACCOUNT TO COVER
23 COMPLAINTS OF PURCHASERS OF NEW HOMES RELATING TO IMPLIED WARRANTIES
24 UNDER THIS SECTION.

25 (2) THE NEW HOME BUILDER SHALL DEPOSIT OR HOLD THE SUM IN AN
26 ESCROW ACCOUNT SEGREGATED FROM ALL OTHER FUNDS OF THE BUILDER TO
27 ENSURE THE RETURN OF ALL OR PART OF THE SUM TO THE PURCHASER OF A NEW
28 HOME IN THE EVENT THAT THE PURCHASER BECOMES ENTITLED TO IT UNDER §

1 10-204 OF THIS SUBTITLE. HOWEVER, A BUILDER MAY PLACE SUMS IN CONNECTION
2 WITH MORE THAN ONE NEW HOME INTO A SINGLE ESCROW ACCOUNT.

3 (3) THE NEW HOME BUILDER SHALL MAINTAIN THE ESCROW ACCOUNT
4 UNTIL THE IMPLIED WARRANTIES PROVIDED FOR IN THIS SUBTITLE EXPIRE OR
5 UNTIL THE STATUTE OF LIMITATIONS FOR ACTIONS ARISING UNDER THIS SUBTITLE
6 EXPIRES, WHICHEVER OCCURS FIRST.

7 (4) THIS SUBSECTION IS NOT INTENDED TO LIMIT ANY OTHER ACTION
8 OR RECOVERY TO WHICH A PURCHASER OF A NEW HOME MAY BE ENTITLED UNDER
9 ANY OTHER LAW.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 1998.