
By: **Chairman, Economic Matters Committee (Departmental - Secretary of State)**

Introduced and read first time: January 15, 1999

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Condominium Warranties**

3 FOR the purpose of providing that, in a residential condominium regime, certain
4 implied warranties may not be excluded or modified; clarifying that certain
5 warranties apply to certain condominium sales; and generally relating to
6 condominium warranties.

7 BY repealing and reenacting, without amendments,
8 Article - Real Property
9 Section 10-203
10 Annotated Code of Maryland
11 (1996 Replacement Volume and 1998 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Real Property
14 Section 11-131
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 1998 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 (a) Except as provided in subsection (b) or unless excluded or modified
22 pursuant to subsection (d), in every sale, warranties are implied that, at the time of
23 the delivery of the deed to a completed improvement or at the time of completion of an
24 improvement not completed when the deed is delivered, the improvement is:

25 (1) Free from faulty materials;

26 (2) Constructed according to sound engineering standards;

1 (3) Constructed in a workmanlike manner; and

2 (4) Fit for habitation.

3 (b) The warranties of subsection (a) do not apply to any condition that an
4 inspection of the premises would reveal to a reasonably diligent purchaser at the time
5 the contract is signed.

6 (c) If the purchaser, expressly or by implication, makes known to the vendor
7 the particular purpose for which the improvement is required, and it appears that the
8 purchaser relies on the vendor's skill and judgment, there is an implied warranty that
9 the improvement is reasonably fit for the purpose.

10 (d) Neither words in the contract of sale, nor the deed, nor merger of the
11 contract of sale into the deed is effective to exclude or modify any implied warranty.
12 However, if the contract of sale pertains to an improvement then completed, an
13 implied warranty may be excluded or modified wholly or partially by a written
14 instrument, signed by the purchaser, setting forth in detail the warranty to be
15 excluded or modified, the consent of the purchaser to exclusion or modification, and
16 the terms of the new agreement with respect to it.

17 11-131.

18 (A) THE IMPLIED WARRANTIES PROVIDED IN THIS SECTION MAY NOT BE
19 EXCLUDED OR MODIFIED.

20 [(a)] (B) (1) The [provisions of] WARRANTIES PROVIDED IN §§ 10-202 and
21 10-203 of this article apply to all sales by developers under this title. For the
22 purposes of this article, a newly constructed dwelling unit means a newly constructed
23 or newly converted condominium unit and its appurtenant undivided fee simple
24 interest in the common areas.

25 (2) If a developer grants an improvement to an intermediate purchaser
26 to evade any liability to a purchaser imposed by the provisions of this section, or by §
27 10-202 or § 10-203 of this article, the developer is liable on the subsequent sale of the
28 improvement by the intermediate purchaser as if the subsequent sale had been
29 effectuated by the developer without regard to the intervening grant.

30 [(b)] (C) In addition to the implied warranties set forth in § 10-203 of this
31 article there shall be an implied warranty on an individual unit from a developer to a
32 unit owner. The warranty on an individual unit commences with the transfer of title
33 to that unit and extends for a period of 1 year. The warranty shall provide:

34 (1) That the developer is responsible for correcting any defects in
35 materials or workmanship in the construction of walls, ceilings, floors, and heating
36 and air conditioning systems in the unit; and

37 (2) That the heating and any air conditioning systems have been
38 installed in accordance with acceptable industry standards and:

1 (i) That the heating system is warranted to maintain a 70|SN (F)
2 temperature inside with the outdoor temperature and winds at the design conditions
3 established by the Energy Conservation Building Standards Act, Title 7, Subtitle 4 of
4 the Public Utility Companies Article, or those established by the political subdivision
5 as provided in Title 7, Subtitle 4 of the Public Utility Companies Article; and

6 (ii) That the air conditioning system is warranted to maintain a 78|SN
7 (F) temperature inside with the outdoor temperature at the design conditions
8 established by Title 7, Subtitle 4 of the Public Utility Companies Article, or those
9 established by the political subdivision as provided in Title 7, Subtitle 4 of the Public
10 Utility Companies Article.

11 [(c)] (D) (1) In addition to the implied warranties set forth in § 10-203 of
12 this article there shall be an implied warranty on common elements from a developer
13 to the council of unit owners. The warranty shall apply to: the roof, foundation,
14 external and supporting walls, mechanical, electrical, and plumbing systems, and
15 other structural elements.

16 (2) The warranty shall provide that the developer is responsible for
17 correcting any defect in materials or workmanship, and that the specified common
18 elements are within acceptable industry standards in effect when the building was
19 constructed.

20 (3) The warranty on common elements commences with the first
21 transfer of title to a unit owner. The warranty of any common elements not completed
22 at that time shall commence with the completion of that element or with its
23 availability for use by all unit owners, whichever occurs later. The warranty extends
24 for a period of 3 years.

25 (4) A suit for enforcement of the warranty on general common elements
26 shall be brought only by the council of unit owners. A suit for enforcement of the
27 warranty on limited common elements may be brought by the council of unit owners
28 or any unit owner to whose use it is reserved.

29 [(d)] (E) Notice of defect shall be given within the warranty period and suit for
30 enforcement of the warranty shall be brought within 1 year of the warranty period.

31 [(e)] (F) (1) Warranties shall not apply to any defects caused through abuse
32 or failure to perform maintenance by a unit owner or the council of unit owners.

33 (2) The provisions of this section do not apply to a condominium that is
34 occupied and used solely for nonresidential purposes.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
36 effect October 1, 1999.