

HOUSE BILL 42

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1999 Regular Session
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By: **Chairman, Economic Matters Committee (Departmental - Secretary of State)**

Introduced and read first time: January 15, 1999
Assigned to: Economic Matters

Committee Report: Favorable
House action: Adopted
Read second time: February 12, 1999

CHAPTER _____

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:

1

Article - Real Property

2 10-203.

3 (a) Except as provided in subsection (b) or unless excluded or modified
4 pursuant to subsection (d), in every sale, warranties are implied that, at the time of
5 the delivery of the deed to a completed improvement or at the time of completion of an
6 improvement not completed when the deed is delivered, the improvement is:

7 (1) Free from faulty materials;

8 (2) Constructed according to sound engineering standards;

9 (3) Constructed in a workmanlike manner; and

10 (4) Fit for habitation.

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

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

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

25 11-131.

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

28 [(a)] (B) (1) The [provisions of] WARRANTIES PROVIDED IN §§ 10-202 and
29 10-203 of this article apply to all sales by developers under this title. For the
30 purposes of this article, a newly constructed dwelling unit means a newly constructed
31 or newly converted condominium unit and its appurtenant undivided fee simple
32 interest in the common areas.

33 (2) If a developer grants an improvement to an intermediate purchaser
34 to evade any liability to a purchaser imposed by the provisions of this section, or by §
35 10-202 or § 10-203 of this article, the developer is liable on the subsequent sale of the
36 improvement by the intermediate purchaser as if the subsequent sale had been
37 effectuated by the developer without regard to the intervening grant.

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

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

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

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

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

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

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

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

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

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

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

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

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