
By: **Delegates Brown, Kagan, Moe, Frush, Hill, and Pitkin**
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Assigned to: Economic Matters

Committee Report: Favorable with amendments
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CHAPTER _____

1 AN ACT concerning

2 **Maryland Condominium Act - Disclosure Requirements - Public Offering**
3 **Statement**

4 FOR the purpose of requiring the vendor of a condominium to provide the purchaser
5 with a current public offering statement; requiring the public offering statement
6 to include certain information about the collection of assessments; requiring a
7 plain language summary of certain information required in the public offering
8 statement; providing that a public offering statement is current ~~only~~ if certain
9 information is updated and filed at least annually; and generally relating to
10 certain disclosure requirements under the Maryland Condominium Act.

11 BY repealing and reenacting, with amendments,
12 Article - Real Property
13 Section 11-126(a) and (b) and 11-127(d)
14 Annotated Code of Maryland
15 (1996 Replacement Volume and 1998 Supplement)

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

18 **Article - Real Property**

19 11-126.

20 (a) A contract for the initial sale of a unit to a member of the public is not
21 enforceable by the vendor unless:

1 (1) The purchaser is given on or before the time a contract is entered into
2 between the vendor and the purchaser, a CURRENT public offering statement as
3 amended and registered with the Secretary of State containing all of the information
4 set forth in subsection (b) of this section; and

5 (2) The contract of sale contains, in conspicuous type, a notice of:

6 (i) The purchaser's right to receive a public offering statement and
7 his rescission rights under this section; and

8 (ii) The warranties provided by § 11-131 of this subtitle.

9 (b) The public offering statement required by subsection (a) of this section
10 shall be sufficient for the purposes of this section if it contains at least the following:

11 (1) A copy of the proposed contract of sale for the unit;

12 (2) A copy of the proposed declaration, bylaws, and rules and regulations;

13 (3) A copy of the proposed articles of incorporation of the council of unit
14 owners, if it is to be incorporated;

15 (4) A copy of any proposed management contract, insurance contract,
16 employment contract, or other contract affecting the use of, maintenance of, or access
17 to all or part of the condominium to which it is anticipated the unit owners or the
18 council of unit owners will be a party, and a statement of the right of the council of
19 unit owners to terminate contracts entered into during the developer control period
20 under § 11-133 of this title;

21 (5) A copy of the actual annual operating budget for the condominium or,
22 if no actual operating budget exists, a copy of the projected annual operating budget
23 for the condominium including reasonable details concerning:

24 (i) The estimated monthly payments by the purchaser for
25 assessments;

26 (ii) Monthly charges for the use, rental, or lease of any facilities not
27 part of the condominium;

28 (iii) The amount of the reserve fund for repair and replacement and
29 its intended use; and

30 (iv) Any initial capital contribution or similar fee, other than
31 assessments for common expenses, to be paid by unit owners to the council of unit
32 owners or vendor, and a statement of how the fees will be used;

33 (6) A PLAIN LANGUAGE STATEMENT OF THE POLICY AND PROCEDURES
34 FOR COLLECTING ASSESSMENTS AND HANDLING COLLECTION OF DELINQUENCIES,
35 INCLUDING REASONABLE DETAILS CONCERNING:

1 (I) THE NUMBER AND PERCENTAGE OF UNIT OWNERS WHO ARE
2 DELINQUENT OR IN ARREARS IN AN AMOUNT EQUAL TO OR GREATER THAN 50% OF
3 THE ANNUAL ASSESSMENT OF THE UNIT OWNER;

4 (II) THE NUMBER OF UNSATISFIED LIENS ~~FILED CURRENTLY~~
5 RECORDED AGAINST UNIT OWNERS UNDER THE MARYLAND CONTRACT LIEN ACT;

6 (III) THE NUMBER OF UNSATISFIED JUDGMENTS OBTAINED
7 AGAINST UNIT OWNERS FOR UNPAID ASSESSMENTS; AND

8 (IV) THE TOTAL AMOUNT OF ARREARAGES AMONG ALL UNIT
9 OWNERS;

10 [(6)] (7) A copy of any lease to which it is anticipated the unit owners or
11 the council of unit owners will be a party following closing;

12 [(7)] (8) A description of any contemplated expansion of the
13 condominium with a general description of each stage of expansion and the maximum
14 number of units that can be added to the condominium;

15 [(8)] (9) A copy of the floor plan of the unit or the proposed condominium
16 plats;

17 [(9)] (10) A description of any recreational or other facilities which are to
18 be used by the unit owners or maintained by them or by the council of unit owners,
19 and a statement as to whether or not they are to be part of the common elements;

20 [(10)] (11) A statement as to whether streets within the condominium are
21 to be dedicated to public use or maintained by the council of unit owners;

22 [(11)] (12) A statement of any judgments against the council of unit owners
23 and the existence of any pending suits to which the council of unit owners is a party;

24 [(12)] (13) In the case of a condominium containing buildings substantially
25 completed more than 5 years prior to the filing of the application for registration
26 under § 11-127 of this title, a statement of the physical condition and state of repair
27 of the major structural, mechanical, electrical, and plumbing components of the
28 improvements, to the extent reasonably ascertainable, and estimated costs of repairs
29 for which a present need is disclosed in the statement and a statement of repairs
30 which the vendor intends to make. The vendor is entitled to rely on the reports of
31 architects or engineers authorized to practice their profession in this State;

32 [(13)] (14) A description of any provision in the declaration or bylaws
33 limiting or providing for the duration of developer control or requiring the phasing-in
34 of unit owner participation, or a statement that there is no such provision;

35 [(14)] (15) If the condominium is one which will be created by the
36 conversion of a rental facility, a copy of the notice and materials required by §§
37 11-102.1 and 11-137 of this title;

1 [(15)] (16) A statement of whether the unit being purchased is subject to
2 an extended lease under § 11-137 of this title, or local law, and a copy of any extended
3 lease; {and}

4 ~~(17) A PLAIN LANGUAGE SUMMARY OF THE INFORMATION REQUIRED~~
5 ~~UNDER PARAGRAPHS (4), (5), (6), AND (12) OF THIS SUBSECTION; AND~~

6 [(16)] ~~(18)~~ (17) Any other information required by regulation duly
7 adopted and issued by the Secretary of State.

8 11-127.

9 (d) (1) (I) A developer shall promptly file with the Secretary of State
10 copies of any changes in the documents or information contained in the public offering
11 statement which are necessary to make the documents or information current.

12 (II) A PUBLIC OFFERING STATEMENT IS CURRENT ~~ONLY~~ IF THE
13 INFORMATION REQUIRED UNDER § 11-126(B)(2), (4), (5), (6), AND (12) OF THIS SUBTITLE
14 IS UPDATED AND FILED BY THE DEVELOPER NOT LESS THAN ANNUALLY.

15 (2) (i) A developer shall file a written statement with the council of
16 unit owners describing the progress of construction, repairs, and all other work on the
17 condominium, which the developer has completed or intends to complete in
18 accordance with the public offering statement for the condominium.

19 (ii) This written statement shall be filed within 30 days after the
20 anniversary date for registration of the public offering statement for the
21 condominium and annually thereafter until the registration of the condominium is
22 terminated.

23 (3) A developer shall notify the Secretary of State in writing when all of
24 the units in the condominium have been conveyed to unit owners other than the
25 developer, and the developer either cannot add additional units to the condominium
26 or has determined that no additional units will be added to the condominium.

27 (4) If the developer notifies the Secretary of State that all of the units in
28 the condominium have been conveyed to unit owners other than the developer, and
29 that the developer either cannot add additional units to the condominium, or has
30 determined that no additional units will be added to the condominium, the Secretary
31 of State shall issue an order terminating the registration of the condominium.

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

