
By: **Delegate Brown**
Introduced and read first time: February 8, 2002
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Condominium - Rescission of Contract**

3 FOR the purpose of altering a certain time period within which a purchaser of a
4 condominium may rescind in writing a contract of sale without stating a reason
5 or without any liability on the purchaser's part; and generally relating to the
6 rescission of a contract of sale of a condominium.

7 BY repealing and reenacting, without amendments,
8 Article - Real Property
9 Section 11-126(a), (b), and (d)
10 Annotated Code of Maryland
11 (1996 Replacement Volume and 2001 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Real Property
14 Section 11-126(e)
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 2001 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 11-126.

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

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

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

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

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

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

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

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

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

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

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

19 (i) The estimated monthly payments by the purchaser for
20 assessments;

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

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

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

28 (6) A plain language statement of the policy and procedures for collecting
29 assessments and handling collection of delinquencies, including reasonable details
30 concerning:

31 (i) The number and percentage of unit owners who are delinquent
32 or in arrears in an amount equal to or greater than 50% of the annual assessment of
33 the unit owner;

34 (ii) The number of unsatisfied liens currently recorded against unit
35 owners under the Maryland Contract Lien Act;

1 (iii) The number of unsatisfied judgments obtained against unit
2 owners for unpaid assessments; and

3 (iv) The total amount of arrearages among all unit owners;

4 (7) A copy of any lease to which it is anticipated the unit owners or the
5 council of unit owners will be a party following closing;

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

9 (9) A copy of the floor plan of the unit or the proposed condominium
10 plats;

11 (10) A description of any recreational or other facilities which are to be
12 used by the unit owners or maintained by them or by the council of unit owners, and
13 a statement as to whether or not they are to be part of the common elements;

14 (11) A statement as to whether streets within the condominium are to be
15 dedicated to public use or maintained by the council of unit owners;

16 (12) A statement of any judgments against the council of unit owners and
17 the existence of any pending suits to which the council of unit owners is a party;

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

26 (14) A description of any provision in the declaration or bylaws limiting or
27 providing for the duration of developer control or requiring the phasing-in of unit
28 owner participation, or a statement that there is no such provision;

29 (15) If the condominium is one which will be created by the conversion of
30 a rental facility, a copy of the notice and materials required by §§ 11-102.1 and
31 11-137 of this title;

32 (16) A statement of whether the unit being purchased is subject to an
33 extended lease under § 11-137 of this title, or local law, and a copy of any extended
34 lease; and

35 (17) Any other information required by regulation duly adopted and
36 issued by the Secretary of State.

1 (d) (1) Following execution of a contract of sale by a purchaser, the vendor
2 may not amend any of the material required to be furnished by subsection (a) of this
3 section without the approval of the purchaser if the amendment would affect
4 materially the rights of the purchaser.

5 (2) Approval is not required if the amendment is required by any
6 governmental authority or public utility, or if the amendment is made as a result of
7 actions beyond the control of the vendor or in the ordinary course of affairs of the
8 council of unit owners.

9 (3) A copy of any amendments shall be delivered promptly to any
10 purchaser and to the Secretary of State.

11 (e) Any purchaser may RESCIND IN WRITING THE CONTRACT OF SALE
12 WITHOUT STATING ANY REASON AND WITHOUT ANY LIABILITY ON THE
13 PURCHASER'S PART, AND SHALL BE ENTITLED TO THE RETURN OF ANY DEPOSITS
14 MADE ON ACCOUNT OF THE CONTRACT at any time:

15 (1) [within] WITHIN 15 days following receipt of all of the information
16 required under subsection (b) of this section or WITHIN 3 DAYS OF the signing of the
17 contract[, whichever is later]; and

18 (2) [within] WITHIN 5 days following receipt of the information required
19 under subsection (d) of this section[, rescind in writing the contract of sale without
20 stating any reason and without any liability on his part, and he shall be entitled to
21 the return of any deposits made on account of the contract].

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
23 effect October 1, 2002.