

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 352

(Anne Arundel County Delegation)

Economic Matters

Judicial Proceedings

**Real Property - Sales of Homes in Anne Arundel County - Disclosure
Requirements**

This bill requires a contract for the sale of a single family residence in Anne Arundel County to contain a notice stating that the buyer should consult the appropriate county agency or county Internet website in order to become more fully informed of the current and future land use plans, facility plans, public works plans, school plans, or other plans affecting the property or area. The bill provides that a local law requiring disclosure to home buyers of substantially similar information prevails over the bill's requirements.

The bill may be construed only prospectively and may not be applied to any contract of sale entered into before October 1, 2002.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Local Effect: No effect on Anne Arundel County.

Small Business Effect: Minimal.

Analysis

Current Law: A contract for the sale of a single family residence must include a statement that unless otherwise negotiated in the contract or provided by State or local law, the cost of recordation and transfer taxes is divided equally between the buyer and seller.

For previously occupied homes, the seller of a single family residence must provide the purchaser with either a disclaimer statement or a disclosure statement. The disclaimer statement must state that: (1) the seller makes no representations or warranties about the condition of the property or its improvements; and (2) the purchaser will be receiving the property “as is,” with all defects that may exist, except as otherwise provided in the contract of sale. The disclosure statement must include a list of defects or information of which the seller has actual knowledge regarding: (1) the residence’s water and sewer; (2) structural systems, such as the roof and walls; (3) plumbing, heating, and air conditioning systems; (4) wood destroying insect infestations; (5) hazardous or regulated materials, such as asbestos and lead-based paint; (6) land use matters; (7) whether the smoke detectors will provide an alarm in the event of a power outage; and (8) any other material defects known to the seller.

A disclosure or disclaimer statement must be presented on a form provided by the State Real Estate Commission and must include a notice that the representations are those of the seller and not the real estate broker or salesperson.

Under the Custom Home Protection Act, a custom home builder is required to disclose the buyer’s risk under mechanic’s lien laws, the escrow account requirements, and a certification regarding specified judgments against the builder.

A builder of a new home must disclose whether or not the builder participates in a new home warranty security plan, the laws governing builders in the State and, except in Montgomery County, the implied warranty coverage for the new home.

Background: To date, neither Anne Arundel County nor the City of Annapolis has a law requiring disclosure to home buyers of substantially similar information.

Additional Information

Prior Introductions: A similar bill, HB 677, was introduced in the 2001 session and received an unfavorable report from the House Economic Matters Committee. HB 677 would have applied the same disclosure requirement statewide.

Cross File: None.

Information Source(s): Department of Legislative Services

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