

Department of Legislative Services  
Maryland General Assembly  
2002 Session

FISCAL NOTE

House Bill 1152  
Economic Matters

(Delegate Brown)

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Real Property - Condominium - Rescission of Contract

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This bill alters the alternative measuring time, to within three days of the signing of the contract, within which the purchaser of a condominium unit may cancel a contract for the unit's sale, without stating a reason and without liability, and be entitled to the return of any deposits made on account of the contract after having received the required information in the public offering statement for the condominium.

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Fiscal Summary

**State Effect:** Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** A purchaser of a condominium unit may rescind in writing the contract of sale, without stating any reason and without any liability, and be entitled to the return of any deposits made on account of the contract within the later of: (1) 15 days following receipt of the information required in the public offering statement; or (2) the signing of the contract. The purchaser may also rescind the contract within five days of receiving information about an amendment to the public offering statement that would materially

affect the rights of the purchaser made following the execution of the contract of sale by the purchaser.

A public offering statement for a condominium must contain at least 17 required elements as follows: (1) a copy of the proposed contract of sale for the unit; (2) a copy of the proposed declaration, bylaws, and rules and regulations of the condominium; (3) a copy of any proposed articles of incorporation of the council of unit owners; (4) a copy of any proposed management contract, insurance contract, employment contract, or certain other contracts to which a unit owner or a council of unit owners may become a party and a statement of the council's right to terminate contracts entered into during the developer control period; (5) a copy of the actual or projected operating budget for the condominium; (6) a statement of the policy and procedures for collecting assessments and handling collection of delinquencies; (7) a copy of any lease to which it is anticipated that the unit owners or council will be a party following closing; (8) a description of any contemplated expansion; (9) a copy of the floor plan of the unit or proposed condominium plats; (10) a description of any recreational or other facilities and a statement as to whether they are common elements; (11) a statement as to whether streets are to be dedicated to public use or maintained by the council; (12) a statement of any judgments against the council and any pending suits to which the council is a party; (13) for a condominium containing buildings substantially completed more than five years prior to filing of the application for registration, a statement of the physical condition and state of repair of major structural, mechanical, electrical, and plumbing components and the estimated costs of repairs for which a present need is disclosed; (14) a description of any provision in the declaration or bylaws limiting or providing for the duration of developer control or requiring a phase-in of unit owner control; (15) a copy of the required notices if the condominium is created by conversion of a rental facility; (16) a statement of whether the unit being purchased is subject to any extended lease, and a copy of the lease; and (17) any other information required by regulation adopted by the Secretary of State.

To the extent a violation of the Maryland Condominium Act affects a consumer, the violation is within the scope of the enforcement duties and powers of the Consumer Protection Division within the Office of the Attorney General.

**Background:** The Consumer Protection Division within the Office of the Attorney General may attempt conciliation, issue cease and desist orders, or seek action in court, including an injunction, under the Maryland Consumer Protection Act.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Secretary of State, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2002  
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