

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 559

(Frederick County Delegation)

Environmental Matters

Judicial Proceedings

Frederick County - Real Property Sales - Disclosure

This bill prohibits the seller of real property in Frederick County that is subject to a tax or fee of a special taxing district or community development authority from enforcing the contract of sale, unless within 20 days after entering into the contract the purchaser is provided with: (1) a written statement containing specified information about the fee or tax and the bill's provisions; (2) the amount of the current annual tax or fee; (3) the number of years remaining for the tax or fee; and (4) whether any tax or fee is delinquent. These requirements are deemed fulfilled if the information to be provided is done so clearly and concisely, in writing. The written statement may be provided to the purchaser by including it as a clause in the contract for the sale of the property.

The bill applies to contracts entered into on or after October 1, 2006.

Fiscal Summary

State Effect: The bill would not substantively change State activities or operations.

Local Effect: The bill would not substantively affect Frederick County's operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: Contracts for the sale of real property are subject to specific disclosure requirements. For example, a contract must include, if applicable, information about

property subject to a ground rent, water and sewer costs, development impact fees in Prince George's County, agriculturally assessed property in St. Mary's and Charles counties, and the cost of recordation or transfer taxes.

A seller of single-family residential real property must also complete and give to the purchaser a written disclosure or disclaimer statement about the condition of the property before executing the contract of sale. A disclaimer statement must state that the seller makes no representations or warranties as to the condition of the property or any improvements and that the purchaser will be receiving the property "as is." A disclosure statement must include information of which the seller has actual knowledge about: (1) water and sewer systems; (2) insulation; (3) structural systems; (4) plumbing, electrical heating, and air conditioning systems; (5) infestation of wood-destroying insects; (6) land use matters; (7) hazardous or regulated materials; (8) any other material defects about which the seller knows; and (9) whether the smoke detectors will provide an alarm in the event of a power outage.

Generally, failure to comply with one of the disclosure or disclaimer requirements results in the buyer having a right to pursue monetary damages and does not void the contract of sale.

Background: Each municipal corporation in the State may, for certain purposes, create special taxing districts. Frederick County reported income from several of these districts (mostly relating to fire protection or lighting) in its most recent *Comprehensive Annual Financial Report*. There are three areas in which a community development authority is authorized under Frederick County's public local laws: (1) Lake Linganore Planned Unit Development (PUD) Area; (2) land located in the Urbana (No. 7) Election District that was zoned PUD or office, research, industrial as of January 1, 1997; and (3) land located in the Urbana (No. 7) Election District that was zoned village center or general commercial and located in Parcel 68 on Frederick County Tax Map 96.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Frederick County; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2006
ncs/hlb

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