

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 672 (Senators Harris and Greenip)
Judicial Proceedings

Residential Real Property Sales - Notice Requirements - Industrial Zoned Land

This bill requires a contract for the sale of residential real property in Anne Arundel County, Baltimore County, and Baltimore City to contain a specified statement about the property being located near industrial zoned land. All local laws requiring a statement or notice substantially similar to that required under the bill prevail over that required under the bill.

Fiscal Summary

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

Local Effect: None – see above.

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.

In most jurisdictions (including Anne Arundel County, Baltimore County, and Baltimore City), a contract for the sale of residential real property must contain a disclosure advising the buyer that the property may be located near a military installation that may result in high noise levels. (Ch. 568 of 2006) In Anne Arundel County, the contract of sale for single-family residential real property must contain a notice about becoming informed about land-use plans.

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: The State Department of Assessments and Taxation advises that, including both vacant and improved properties, there are 985 industrial zoned accounts in Anne Arundel County, 3,160 in Baltimore County, and 2,544 in Baltimore City.

Additional Information

Prior Introductions: None.

Cross File: HB 1100 (Delegate Weir, *et al.*) – Environmental Matters.

Information Source(s): State Department of Assessments and Taxation, Department of Planning, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2007
bfl/jr

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