

# SENATE BILL 657

N1

9lr2605

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By: **Senator Peters**

Introduced and read first time: February 6, 2009

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – New Home Sales Contracts – Financing Contingency Clauses**

3 FOR the purpose of requiring a contract for the sale of a certain home to include a  
4 certain provision stating whether the contract is contingent on a certain  
5 condition; requiring a certain contract to state certain information if it is  
6 contingent on a certain condition; and generally relating to contracts for the sale  
7 of a new home.

8 BY repealing and reenacting, with amendments,  
9 Article – Real Property  
10 Section 14–117(j)  
11 Annotated Code of Maryland  
12 (2003 Replacement Volume and 2008 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Real Property**

16 14–117.

17 (j) (1) This subsection applies to Baltimore City and all other counties  
18 except Montgomery County.

19 (2) A contract for the initial sale of a new home, as defined in the  
20 Maryland Home Builder Registration Act, shall include the following:

21 (i) The builder registration number of the seller of the new  
22 home;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) A provision stating that the new home shall be constructed  
2 in accordance with all applicable building codes in effect at the time of the  
3 construction of the new home;

4 (iii) A provision referencing all performance standards or  
5 guidelines:

6 1. That the seller shall comply with in the construction  
7 of the new home; and

8 2. That shall prevail in the performance of the contract  
9 and any arbitration or adjudication of a claim arising from the contract; [and]

10 (iv) A provision detailing the purchaser's right to receive a  
11 consumer information pamphlet as provided under the Home Builder Registration Act;  
12 **AND**

13 **(v) 1. A PROVISION STATING WHETHER THE CONTRACT**  
14 **IS CONTINGENT ON THE PURCHASER OBTAINING A WRITTEN COMMITMENT FOR**  
15 **A LOAN SECURED BY THE PROPERTY; AND**

16 **2. IF THE CONTRACT IS CONTINGENT ON THE**  
17 **PURCHASER OBTAINING A WRITTEN COMMITMENT FOR A LOAN SECURED BY**  
18 **THE PROPERTY, THE MAXIMUM LOAN INTEREST RATE THE PURCHASER IS**  
19 **OBLIGATED TO ACCEPT.**

20 (3) The performance standards or guidelines described in paragraph  
21 (2) of this subsection shall be:

22 (i) The performance standards or guidelines adopted at the  
23 time of the contract:

24 1. By the National Association of Home Builders; or

25 2. Under the federal National Manufactured Housing  
26 Construction and Safety Standards Act, to the extent applicable;

27 (ii) Any performance standards or guidelines adopted by the  
28 home builder and incorporated into the contract that are equal to or more stringent  
29 than the performance standards or guidelines adopted at the time of the contract:

30 1. By the National Association of Home Builders; or

31 2. Under the federal National Manufactured Housing  
32 Construction and Safety Standards Act, to the extent applicable; or

1 (iii) Any performance standards or guidelines adopted at the  
2 time of the contract by a county or municipal corporation that are equal to or more  
3 stringent than the performance standards or guidelines adopted at the time of the  
4 contract:

5 1. By the National Association of Home Builders; or

6 2. Under the federal National Manufactured Housing  
7 Construction and Safety Standards Act, to the extent applicable.

8 (4) The information required by paragraph (2) of this subsection shall  
9 be printed in conspicuous type.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 2009.