

# SENATE BILL 657

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9lr2605

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By: **Senator Peters**

Introduced and read first time: February 6, 2009

Assigned to: Judicial Proceedings

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2009

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## CHAPTER \_\_\_\_\_

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~~ be contingent on a certain  
5 condition unless the contract expressly states otherwise; requiring a certain  
6 contract to state certain information if it is contingent on a certain condition;  
7 and generally relating to contracts for the sale of a new home.

8 BY repealing and reenacting, ~~with~~ without amendments,  
9 Article – Real Property  
10 Section 14–117(j)  
11 Annotated Code of Maryland  
12 (2003 Replacement Volume and 2008 Supplement)

13 BY adding to  
14 Article – Real Property  
15 Section 14–117(j–1)  
16 Annotated Code of Maryland  
17 (2003 Replacement Volume and 2008 Supplement)

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

### 20 **Article – Real Property**

21 14–117.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

5 (i) The builder registration number of the seller of the new  
6 home;

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

10 (iii) A provision referencing all performance standards or  
11 guidelines:

12 1. That the seller shall comply with in the construction  
13 of the new home; and

14 2. That shall prevail in the performance of the contract  
15 and any arbitration or adjudication of a claim arising from the contract; ~~and~~

16 (iv) A provision detailing the purchaser's right to receive a  
17 consumer information pamphlet as provided under the Home Builder Registration Act;  
18 ~~AND~~

19 ~~(v) 1. A PROVISION STATING WHETHER THE CONTRACT~~  
20 ~~IS CONTINGENT ON THE PURCHASER OBTAINING A WRITTEN COMMITMENT FOR~~  
21 ~~A LOAN SECURED BY THE PROPERTY; AND~~

22 ~~2. IF THE CONTRACT IS CONTINGENT ON THE~~  
23 ~~PURCHASER OBTAINING A WRITTEN COMMITMENT FOR A LOAN SECURED BY~~  
24 ~~THE PROPERTY, THE MAXIMUM LOAN INTEREST RATE THE PURCHASER IS~~  
25 ~~OBLIGATED TO ACCEPT.~~

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

28 (i) The performance standards or guidelines adopted at the  
29 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;

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

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

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

7 (iii) Any performance standards or guidelines adopted at the  
8 time of the contract by a county or municipal corporation that are equal to or more  
9 stringent than the performance standards or guidelines adopted at the time of the  
10 contract:

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

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

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

16 **(J-1) (1) A CONTRACT FOR THE INITIAL SALE OF A NEW HOME, AS**  
17 **DEFINED IN THE MARYLAND HOME BUILDER REGISTRATION ACT, SHALL BE**  
18 **CONTINGENT ON THE PURCHASER OBTAINING A WRITTEN COMMITMENT FOR A**  
19 **LOAN SECURED BY THE PROPERTY, UNLESS THE CONTRACT CONTAINS A**  
20 **PROVISION EXPRESSLY STATING THAT IT IS NOT CONTINGENT.**

21 **(2) IF THE CONTRACT IS CONTINGENT ON THE PURCHASER**  
22 **OBTAINING A WRITTEN COMMITMENT FOR A LOAN SECURED BY THE PROPERTY,**  
23 **THE CONTRACT SHALL STATE THE MAXIMUM LOAN INTEREST RATE THE**  
24 **PURCHASER IS OBLIGATED TO ACCEPT.**

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.