

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1496  
Economic Matters

(Prince George's County Delegation)

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Prince George's County - Real Property - Home Builders - Community Amenities  
PG 416-09

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This bill requires a home builder that agrees to furnish a “community amenity” to a community development located in Prince George’s County to include the date that the amenity will be made available in the contract of sale for each home. A “community amenity” includes a country club, golf course, health club, park, swimming pool, tennis court, and walking trail. If a home builder fails to either include the date the community amenity will be made available in the sales contract or furnish the amenity by the specified date, the home builder must return 10% of the contract price to each purchaser of a home within the community. The bill applies prospectively to contracts of sale for property in a Prince George’s County community development on or after October 1, 2009.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** The bill does not directly affect Prince George’s County finances or operations.

**Small Business Effect:** Potential minimal.

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**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 the purchaser a written disclosure or disclaimer statement about the condition of the property prior to executing the sales contract. A disclaimer statement must include 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:

- water and sewer systems;
- insulation;
- structural systems;
- plumbing, electrical, and heating and air conditioning systems;
- infestation of wood-destroying insects;
- land use matters;
- hazardous or regulated materials;
- any other material defects about which the seller knows; and
- whether the smoke detectors will provide an alarm in the event of a power outage.

In most jurisdictions, 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.

Home builders operating in the State, except those building exclusively in Montgomery County, are required to register with the Home Builder Registration Unit in the Consumer Protection Division of the Office of the Attorney General. In addition to other disclosures, a contract for the sale of a new home in all jurisdictions, except Montgomery County, must include the home builder's registration number, a provision about the home being constructed in accordance with applicable building codes, a provision referring to applicable performance standards and guidelines, and a provision detailing the purchaser's right to receive a consumer information pamphlet under the Home Builder Registration Act.

Generally, the 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. However, a purchaser who does not receive a standard disclosure or disclaimer statement on or before entering into the sales contract may void the contract under specified circumstances.

**Background:** The Home Builder Registration Unit reported 3,917 home builders registered in the State as of June 30, 2007.

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### **Additional Information**

**Prior Introductions:** HB 1052 of 2008 passed in the House, but received no further action from the Senate Judicial Proceedings Committee.

**Cross File:** None.

**Information Source(s):** Prince George's County, Department of Legislative Services

**Fiscal Note History:** First Reader - April 3, 2009  
ncs/kdm

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Analysis by: Jason F. Weintraub

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510