

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 75 (Delegate Braveboy)
Environmental Matters

Residential Property - Condominium Unit Owners or Lot Owners - Provision of Disclosure Documents

This bill requires that the disclosure documents needed for the resale of a unit in a condominium and the initial sale or resale of a lot in a homeowners association (HOA) be provided to the purchaser free of charge. The bill makes conforming changes to the disclosure statements that must be given to the purchaser of a condominium unit or lot in a development. The bill also requires the mortgagee or trustee designated under the deed of trust on a condominium unit or lot in an HOA sold at a foreclosure sale to furnish the purchaser with specified disclosure documents free of charge.

The bill applies prospectively and may not be applied to any contract of sale entered into before October 1, 2012.

Fiscal Summary

State Effect: The bill does not directly affect State governmental operation or finances.

Local Effect: The bill does not directly affect local governmental operation or finances.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background:

Condominiums: The contract for the resale of a unit in a condominium by someone other than the developer is not enforceable unless the owner gives the purchaser specified

information, including a copy of the declaration, the bylaws, and the rules or regulations of the condominium. The seller must provide this information no later than 15 days prior to closing. The documents the seller must provide to the purchaser vary depending on whether the condominium contains fewer than seven units or contains seven or more units.

The council of unit owners must provide the information necessary for the seller to comply within 20 days after receiving a written request and the appropriate fee, which may not exceed the cost incurred by the council of providing such information. A purchaser may cancel the contract in writing within seven days after receiving the required information without stating any reason and without any liability.

Homeowners Associations: For the initial sale of a lot in a development containing more than 12 lots, the seller must provide the purchaser with specified disclosure documents within seven calendar days of entering into the contract. For the initial sale of a lot within a development containing 12 or fewer lots, or for the resale of a lot within any size development, the seller must provide the purchaser with specified disclosure documents within 20 days of entering into the contract.

A purchaser may cancel a contract of sale without stating a reason and without liability within five days after receiving the required information. A purchaser may also cancel the contract within three days after receiving notice about a change in mandatory fees and payment that exceeds the previously stated amount by more than 10%.

Because these provisions do not specify which party must pay for the disclosure documents, some sellers require the purchaser's agent to purchase the documents.

Additional Information

Prior Introductions: HB 219 of 2011 received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Judiciary (Administrative Office of the Courts), Secretary of State, Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2012
ncs/kdm

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