

# HOUSE BILL 1043

L5

4lr0595

---

By: **Prince George's County Delegation**

Introduced and read first time: February 6, 2014

Assigned to: Environmental Matters

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2014

---

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

1 AN ACT concerning

2 **Prince George's County – Deferred Water and Sewer Charges Homeowner**  
3 **Disclosure Act of 2014**

4 **PG 413–14**

5 FOR the purpose of requiring a registered home builder in Prince George's County to  
6 include certain information relating to deferred water and sewer charges in  
7 certain sales contracts under certain circumstances; requiring a certain contract  
8 ~~of for the initial sale of residential real property~~ in the county to include certain  
9 information relating to deferred water and sewer charges; prohibiting a person  
10 or entity establishing certain water and sewer costs for the initial sale of  
11 residential real property from amortizing certain costs for more than a certain  
12 period of time; authorizing the purchaser to recover certain damages or take  
13 certain actions under certain circumstances; ~~prohibiting a person in the county~~  
14 ~~that is incurring certain water and sewer costs from amortizing costs passed on~~  
15 ~~to a purchaser for more than a certain period of time~~ applying certain provisions  
16 of law to existing single family residential property in Prince George's County;  
17 requiring a certain person that imposes a deferred water and sewer charge to  
18 provide the property owner with a bill including certain information;  
19 authorizing the balance owed on a deferred water and sewer assessment to be  
20 redeemed for a certain amount; ~~authorizing a sales contract in the county to~~  
21 ~~include the total amount of certain deferred water and sewer charges in the~~  
22 ~~price of certain property~~; requiring the county to study certain issues relating to  
23 deferred water and sewer charges and report its findings to the Prince George's  
24 County Senators and the House Delegation on or before ~~a~~ certain ~~date~~ dates;

---

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 authorizing the county, in completing the studies required under this Act, to  
 2 consult with certain water and sewer companies; and generally relating to  
 3 deferred water and sewer charges in Prince George's County.

4 BY repealing and reenacting, with amendments,  
 5 Article – Business Regulation  
 6 Section 4.5–603  
 7 Annotated Code of Maryland  
 8 (2010 Replacement Volume and 2013 Supplement)

9 BY repealing and reenacting, with amendments,  
 10 Article – Real Property  
 11 Section 14–117(b) and (c)  
 12 Annotated Code of Maryland  
 13 (2010 Replacement Volume and 2013 Supplement)

14 BY adding to  
 15 Article – Real Property  
 16 Section 14–117.1 ~~and 14–117.2~~  
 17 Annotated Code of Maryland  
 18 (2010 Replacement Volume and 2013 Supplement)

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

21 **Article – Business Regulation**

22 4.5–603.

23 A registrant shall include in any contract for the initial sale of a new home the  
 24 information required under § [14–117(j)] **14–117(B)(3) AND (J)** of the Real Property  
 25 Article, **IF APPLICABLE**.

26 **Article – Real Property**

27 14–117.

28 (b) (1) In this subsection, “water and sewer authority” includes a person  
 29 to which the duties and responsibilities of the Washington Suburban Sanitary  
 30 Commission have been delegated by a written agreement or in accordance with a local  
 31 ordinance.

32 (2) A contract for the initial sale of improved, residential real property  
 33 to a member of the public who intends to occupy or rent the property for residential  
 34 purposes shall disclose the estimated cost, as established by the appropriate water and  
 35 sewer authority, of any deferred water and sewer charges for which the purchaser may  
 36 become liable.

1           **(3) (I) IN PRINCE GEORGE'S COUNTY, A CONTRACT FOR THE**  
 2 **INITIAL SALE OF RESIDENTIAL REAL PROPERTY FOR WHICH THERE ARE**  
 3 **DEFERRED PRIVATE WATER AND SEWER ASSESSMENTS RECORDED BY A**  
 4 **COVENANT OR DECLARATION DEFERRING COSTS FOR WATER AND SEWER**  
 5 **IMPROVEMENTS FOR WHICH THE PURCHASER MAY BE LIABLE SHALL CONTAIN A**  
 6 **DISCLOSURE THAT INCLUDES:**

7                   ~~(I)~~ **1. THE EXISTENCE OF THE DEFERRED PRIVATE**  
 8 **WATER AND SEWER ASSESSMENTS;**

9                   ~~(II)~~ **2. THE AMOUNT OF THE ANNUAL ASSESSMENT;**

10                   ~~(III)~~ **3. THE APPROXIMATE NUMBER OF ~~YEARS~~ PAYMENTS**  
 11 **REMAINING ON THE ASSESSMENT;**

12                   ~~(IV)~~ **4. THE AMOUNT REMAINING ON THE ASSESSMENT,**  
 13 **INCLUDING INTEREST;**

14                   ~~(V)~~ **5. THE NAME AND ADDRESS OF THE PERSON OR**  
 15 **ENTITY MOST RECENTLY RESPONSIBLE FOR COLLECTION OF THE ASSESSMENT;**

16                   ~~(VI)~~ **6. THE INTEREST RATE ON THE ASSESSMENT;**

17                   ~~(VII)~~ **7. THE ESTIMATED PAYOFF AMOUNT OF THE**  
 18 **ASSESSMENT; AND**

19                   ~~(VIII)~~ **8. A STATEMENT THAT PAYOFF OF THE ASSESSMENT**  
 20 **IS ALLOWED WITHOUT PREPAYMENT PENALTY.**

21                   **(II) A PERSON OR ENTITY ESTABLISHING WATER AND**  
 22 **SEWER COSTS FOR THE INITIAL SALE OF RESIDENTIAL REAL PROPERTY MAY**  
 23 **NOT AMORTIZE COSTS THAT ARE PASSED ON TO A PURCHASER BY IMPOSING A**  
 24 **DEFERRED WATER AND SEWER CHARGE FOR A PERIOD LONGER THAN 20 YEARS**  
 25 **AFTER THE DATE OF THE INITIAL SALE.**

26           **(4) If the appropriate water and sewer authority has not established a**  
 27 **schedule of charges for the water and sewer project that benefits the property or if a**  
 28 **local jurisdiction has adopted a plan to benefit the property in the future, the contract**  
 29 **of sale shall disclose that fact.**

30           **(c) (1) Violation of subsection [(b)] (B)(2) OR (4) of this section entitles**  
 31 **the initial purchaser to recover from the seller:**

1           **[(1)] (I)** Two times the amount of deferred charges the purchaser  
2 would be obligated to pay during the 5 years of payments following the sale;

3           **[(2)] (II)** No amount greater than actually paid thereafter; and

4           **[(3)] (III)** Any deposit moneys actually paid by the purchaser that  
5 were lost as a result of A violation of subsection **[(b)] (B)(2) OR (4)** of this section.

6           **(2) VIOLATION OF SUBSECTION (B)(3) OF THIS SECTION**  
7 **ENTITLES THE PURCHASER TO:**

8                   **(I) RECOVER FROM THE SELLER THE TOTAL AMOUNT OF**  
9 **DEFERRED CHARGES THE PURCHASER WILL BE OBLIGATED TO PAY FOLLOWING**  
10 **THE SALE;**

11                   **(II) RECOVER FROM THE SELLER ANY MONEY ACTUALLY**  
12 **PAID BY THE PURCHASER ON THE DEFERRED CHARGE THAT WAS LOST AS A**  
13 **RESULT OF A VIOLATION OF SUBSECTION (B)(3) OF THIS SECTION; ~~AND OR~~**

14                   **(III) IF THE VIOLATION IS DISCOVERED BEFORE**  
15 **SETTLEMENT, RESCIND THE REAL ESTATE CONTRACT WITHOUT PENALTY.**

16 **14-117.1.**

17           **(A) THIS SECTION APPLIES ONLY TO ~~SALES OF~~ EXISTING**  
18 **SINGLE-FAMILY RESIDENTIAL REAL PROPERTY IN PRINCE GEORGE'S COUNTY**  
19 **~~IMPROVED BY FOUR OR FEWER SINGLE-FAMILY UNITS.~~**

20           **~~(B) A PERSON INCURRING WATER AND SEWER COSTS MAY NOT~~**  
21 **~~AMORTIZE COSTS THAT ARE PASSED ON TO A PURCHASER BY IMPOSING A~~**  
22 **~~DEFERRED WATER AND SEWER CHARGE FOR A PERIOD LONGER THAN 20 YEARS~~**  
23 **~~AFTER THE DATE OF THE INITIAL SALE.~~**

24           **~~(C)~~ (B) A PERSON OR ENTITY THAT IMPOSES A DEFERRED WATER**  
25 **AND SEWER CHARGE SHALL INCLUDE WITH EACH BILL A STATEMENT THAT**  
26 **INCLUDES:**

27                   **(1) THE AMOUNT OF THE ANNUAL ASSESSMENT;**

28                   **(2) THE APPROXIMATE NUMBER OF ~~YEARS~~ PAYMENTS**  
29 **REMAINING ON THE ASSESSMENT;**

30                   **(3) THE AMOUNT REMAINING ON THE ASSESSMENT, INCLUDING**  
31 **INTEREST;**

1           (4) THE NAME AND ADDRESS OF THE PERSON OR ENTITY MOST  
2 RECENTLY RESPONSIBLE FOR COLLECTION OF THE ASSESSMENT;

3           (5) THE METHOD USED TO COMPUTE THE DEFERRED WATER AND  
4 SEWER CHARGE ON THE PROPERTY;

5           (6) THE INTEREST RATE ON THE ASSESSMENT;

6           (7) THE ESTIMATED PAYOFF AMOUNT OF THE ASSESSMENT; AND

7           (8) A STATEMENT THAT PAYOFF OF THE ASSESSMENT IS  
8 ALLOWED WITHOUT PREPAYMENT PENALTY.

9           ~~(D)~~ (C) THE BALANCE OWED ON A DEFERRED WATER AND SEWER  
10 ASSESSMENT MAY BE REDEEMED AT THE PRESENT VALUE OF THE ASSESSMENT.

11 ~~14-117.2.~~

12           ~~(A) THIS SECTION APPLIES ONLY TO SALES OF SINGLE FAMILY~~  
13 ~~RESIDENTIAL PROPERTY IN PRINCE GEORGE'S COUNTY IMPROVED BY FOUR OR~~  
14 ~~FEWER SINGLE FAMILY UNITS.~~

15           ~~(B) A SALES CONTRACT MAY INCLUDE THE TOTAL AMOUNT OF~~  
16 ~~DEFERRED WATER AND SEWER CHARGES THAT A PURCHASER WOULD BE~~  
17 ~~REQUIRED TO PAY AFTER THE DATE OF THE SALE IN THE PRICE OF THE~~  
18 ~~PROPERTY BEING SOLD.~~

19 SECTION 2. AND BE IT FURTHER ENACTED, That:

20 (a) Prince George's County shall study:

21 (1) the feasibility of establishing a centralized clearinghouse for the  
22 registration of deferred water and sewer charges by private developers, including the  
23 feasibility of requiring recordation of deferred water and sewer charges in the county  
24 land records;

25 (2) methods to certify the accuracy of deferred water and sewer  
26 charges imposed by private developers; and

27 (3) methods to audit previously imposed deferred water and sewer  
28 charges.

1 (b) To complete the studies required under subsection (a) of this section,  
2 Prince George's County may consult with any water and sewer company operating  
3 within the county.

4 (c) If the establishment of a centralized clearinghouse for the registration of  
5 deferred water and sewer charges by private developers, including requiring  
6 recordation of deferred water and sewer charges in the county land records, is  
7 determined to be feasible, Prince George's County shall study the feasibility of  
8 requiring a contract for the sale of residential real property, that is not the initial sale  
9 of the property, for which there are deferred private water and sewer assessments  
10 recorded by a covenant or declaration deferring costs for water and sewer  
11 improvements for which the purchaser may be liable, to include a disclosure of:

12 (1) the existence of the assessments;

13 (2) the amount of the annual assessment;

14 (3) the approximate number of payments remaining on the  
15 assessment;

16 (4) the amount remaining on the assessment, including interest;

17 (5) the name and address of the person or entity most recently  
18 responsible for collection of the assessment;

19 (6) the interest rate of the assessment;

20 (7) the estimated payoff amount of the assessment; and

21 (8) a statement that payoff of the assessment is allowed without  
22 prepayment penalty.

23 ~~(d)~~ (1) On or before December 1, 2014, Prince George's County shall  
24 report its preliminary findings to the Prince George's County Senators and the House  
25 Delegation, in accordance with § 2-1246 of the State Government Article.

26 (2) On or before December 1, 2015, Prince George's County shall  
27 report its final findings to the Prince George's County Senators and the House  
28 Delegation, in accordance with § 2-1246 of the State Government Article.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2014.