

**Department of Legislative Services**  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**

House Bill 1038 (Delegates Niemann and Barnes)  
Environmental Matters

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**Real Property - Requirements for New Home Sales Contracts - Clarification of Terms**

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This bill clarifies statutory language contained in the law governing contracts for the initial sale of a new home by substituting the term “home builder” for “seller” to conform to the Maryland Home Builder Registration Act.

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**Fiscal Summary**

**State Effect:** None. The change is technical in nature and does not directly affect governmental finances.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Section 14-117(j) of the Real Property Article governs contracts for the initial sale of a new home in all jurisdictions in the State, except Montgomery County. A contract for the initial sale of a new home, as defined in the Maryland Home Builder Registration Act, must include:

- the builder registration number of the seller of the new home;
- a provision stating that the new home must be built according to all applicable building codes in effect at the time of construction;

- a provision referencing all performance standards or guidelines that the seller must comply with in the construction of the new home and that prevail in the performance of the contract and any arbitration or claim arising from the contract; and
- a provision detailing the purchaser's right to receive a consumer information pamphlet as provided by the Home Builder Registration Act.

**Background:** The Maryland Home Builder Registration Act, which is enforced by the Consumer Protection Division of the Office of the Attorney General, requires a person, except those building exclusively in Montgomery County, to register and obtain a home builder's registration number in order to act as a home builder. The Act defines a home builder as a person that undertakes to construct a new home. "New home," as defined in the Act, means a newly constructed residential dwelling unit in the State and the fixtures and structures that are made a part of the unit at the time of construction. All contracts in the State, as specified, must incorporate building performance standards that describe acceptable levels of quality and finish as well as the builder's or homeowner's obligation to repair any defects. The minimum performance standards in Maryland are those established by the National Association of Home Builders or those under the federal National Manufactured Housing Construction and Safety Standards Act, if applicable. The builder, along with any city or county government, may adopt higher standards.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 655 (Senator Stone) - Judicial Proceedings.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2014  
ncs/kdm

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