

HOUSE BILL 52

N1

3lr0993

(PRE-FILED)

By: **Delegate Foley**

Requested: November 20, 2022

Introduced and read first time: January 11, 2023

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2023

CHAPTER _____

1 AN ACT concerning

2 **Condominiums – Sales Contracts – Asbestos Disclosure**

3 FOR the purpose of establishing the unenforceability of contracts for the sale of
4 condominium units that do not contain certain notice relating to the presence of
5 asbestos; and generally relating to contracts for the sale of condominium units.

6 BY repealing and reenacting, with amendments,

7 Article – Real Property

8 Section 11–126(a) and 11–135(a)(4)(x) and (xi) and (5) and (g)(1)

9 Annotated Code of Maryland

10 (2015 Replacement Volume and 2022 Supplement)

11 BY adding to

12 Article – Real Property

13 Section 11–135(a)(4)(xii)

14 Annotated Code of Maryland

15 (2015 Replacement Volume and 2022 Supplement)

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

18 **Article – Real Property**

19 11–126.

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 (a) A contract for the initial sale of a unit to a member of the public is not
2 enforceable by the vendor unless:

3 (1) The purchaser is given on or before the time a contract is entered into
4 between the vendor and the purchaser, a current public offering statement as amended and
5 registered with the Secretary of State containing all of the information set forth in
6 subsection (b) of this section; and

7 (2) The contract of sale contains, in conspicuous type, a notice of:

8 (i) The purchaser's right to receive a public offering statement and
9 his rescission rights under this section; [and]

10 (ii) 1. The warranties provided by § 11–131 of this title; and

11 2. Whether the council of unit owners has entered into any
12 agreement that settles or releases the council of unit owners' claims related to common
13 element warranties under § 11–131 of this title; AND

14 **(III) A STATEMENT AS TO WHETHER THE VENDOR HAS ACTUAL**
15 **KNOWLEDGE OF THE PRESENCE OF ASBESTOS ON THE SITE, INCLUDING A**
16 **DESCRIPTION OF THE LOCATION OF THE ASBESTOS, WHETHER ABATEMENT HAS**
17 **BEEN PERFORMED, AND THE DATE OF ANY ABATEMENT.**

18 11–135.

19 (a) Except as provided in subsection (b) of this section, a contract for the resale of
20 a unit by a unit owner other than a developer is not enforceable unless the contract of sale
21 contains in conspicuous type a notice in the form specified in subsection (g)(1) of this
22 section, and the unit owner furnishes to the purchaser not later than 15 days prior to
23 closing:

24 (4) A certificate containing:

25 (x) A description of any recreational or other facilities which are to
26 be used by the unit owners or maintained by them or the council of unit owners, and a
27 statement as to whether or not they are to be a part of the common elements; [and]

28 (xi) 1. A statement as to whether the council of unit owners has
29 entered into any agreement that settles or releases the council of unit owners' claims
30 related to common element warranties under § 11–131 of this title; and

31 2. A statement as to whether the board of directors has
32 disclosed to the council of unit owners in accordance with § 11–134.1(c)(2) of this title, the

1 board's intention to enter into an agreement for the purpose of settling a disputed common
2 element warranty claim under § 11–131 of this title; AND

3 **(XII) A STATEMENT AS TO WHETHER THE COUNCIL OF UNIT**
4 **OWNERS HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF ASBESTOS ON THE SITE,**
5 **INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, WHETHER**
6 **ABATEMENT HAS BEEN PERFORMED, AND THE DATE OF ANY ABATEMENT;**

7 (5) A statement by the unit owner as to whether the unit owner has
8 knowledge:

9 (i) That any alteration to the unit or to the limited common
10 elements assigned to the unit violates any provision of the declaration, bylaws, or rules and
11 regulations;

12 (ii) Of any violation of the health or building codes with respect to
13 the unit or the limited common elements assigned to the unit; [and]

14 (iii) That the unit is subject to an extended lease under § 11–137 of
15 this title or under local law, and if so, a copy of the lease must be provided; and

16 **(IV) OF THE PRESENCE OF ASBESTOS ~~ON THE SITE~~ IN THE UNIT,**
17 **INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, AND WHETHER**
18 **ABATEMENT HAS BEEN PERFORMED, ~~AND THE DATE OF ANY ABATEMENT~~ IN THE**
19 **UNIT DURING THE OCCUPANCY OF THE OWNER; AND**

20 (g) (1) A notice given as required by subsection (a) of this section shall be
21 sufficient for the purposes of this section if it is in substantially the following form:

22 “NOTICE

23 The seller is required by law to furnish to you not later than 15 days prior to closing
24 certain information concerning the condominium which is described in § 11–135 of the
25 Maryland Condominium Act. This information must include at least the following:

26 (i) A copy of the declaration (other than the plats);

27 (ii) A copy of the bylaws;

28 (iii) A copy of the rules and regulations of the condominium;

29 (iv) A certificate containing:

30 1. A statement disclosing the effect on the proposed
31 conveyance of any right of first refusal or other restraint on the free alienability of the unit,
32 other than any restraint created by the unit owner;

1 2. A statement of the amount of the monthly common
2 expense assessment and any unpaid common expense or special assessment currently due
3 and payable from the selling unit owner;

4 3. A statement of any other fees payable by the unit owners
5 to the council of unit owners;

6 4. A statement of any capital expenditures approved by the
7 council of unit owners or its authorized designee planned at the time of the conveyance
8 which are not reflected in the current operating budget included in the certificate;

9 5. The most recently prepared balance sheet and income and
10 expense statement, if any, of the condominium;

11 6. The current operating budget of the condominium,
12 including details concerning the amount of the reserve fund for repair and replacement and
13 its intended use, or a statement that there is no reserve fund;

14 7. A statement of any judgments against the condominium
15 and the existence of any pending suits to which the council of unit owners is a party;

16 8. A statement generally describing any insurance policies
17 provided for the benefit of the unit owners, a notice that the policies are available for
18 inspection stating the location at which they are available, and a notice that the terms of
19 the policy prevail over the general description;

20 9. A statement as to whether the council of unit owners has
21 knowledge that any alteration or improvement to the unit or to the limited common
22 elements assigned to the unit violates any provision of the declaration, bylaws, or rules or
23 regulations;

24 10. A statement as to whether the council of unit owners has
25 knowledge of any violation of the health or building codes with respect to the unit, the
26 limited common elements assigned to the unit, or any other portion of the condominium;

27 11. A statement of the remaining term of any leasehold estate
28 affecting the condominium and the provisions governing any extension or renewal of it;

29 12. A description of any recreational or other facilities which
30 are to be used by the unit owners or maintained by them or the council of unit owners, and
31 a statement as to whether or not they are to be a part of the common elements; [and]

32 13. A. A statement as to whether the council of unit
33 owners has entered into any agreement that settles or releases the council of unit owners'
34 claims related to common element warranties under § 11–131 of this title; and

1 B. A statement as to whether the board of directors has
2 disclosed to the council of unit owners in accordance with § 11-134.1(c)(2) of this title, the
3 board’s intention to enter into an agreement for the purpose of settling a disputed common
4 element warranty claim under § 11-131 of this title; and

5 **14. A STATEMENT AS TO WHETHER THE COUNCIL OF UNIT**
6 **OWNERS HAS ACTUAL KNOWLEDGE OF THE PRESENCE OF ASBESTOS ON THE SITE,**
7 **INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, WHETHER**
8 **ABATEMENT WAS PERFORMED, AND THE DATE OF ANY ABATEMENT; AND**

9 (v) A statement by the unit owner as to whether the unit owner has
10 knowledge:

11 1. That any alteration to the unit or to the limited common
12 elements assigned to the unit violates any provision of the declaration, bylaws, or rules and
13 regulations.

14 2. Of any violation of the health or building codes with
15 respect to the unit or the limited common elements assigned to the unit.

16 3. That the unit is subject to an extended lease under §
17 11-137 of this title or under local law, and if so, a copy of the lease must be provided.

18 **4. OF THE PRESENCE OF ASBESTOS ~~ON THE SITE~~ IN THE**
19 **UNIT, INCLUDING A DESCRIPTION OF THE LOCATION OF THE ASBESTOS, AND**
20 **WHETHER ABATEMENT HAS BEEN PERFORMED, ~~AND THE DATE OF ANY ABATEMENT~~**
21 **IN THE UNIT DURING THE OCCUPANCY OF THE OWNER.**

22 You will have the right to cancel this contract without penalty, at any time within 7
23 days following delivery to you of all of this information. However, once the sale is closed,
24 your right to cancel the contract is terminated.”.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2023.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.