

March 7th, 2023

The Honorable Kumar Barve
Chairman, House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen Street
Annapolis, MD 21401

RE: Opposition of House Bill 821 Montgomery County - New Single - Family Residential Real Property Sales - Contract Requirements MC 17-23

Dear Chairman Barve and Councilmembers,

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, support House Bill 105 (Real Property - Condominiums and Homeowners Associations - Governing Bodies) with Amendments. The bill would require a contract for the sale of new single-family residential real property in Montgomery County to contain certain information regarding contractors or subcontractors performing work on the property and requiring the vendor or builder to provide certain updated information at settlement. MBIA has concerns with HB 821, the bill seeks to establish a requirement that would more cause more confusion to the homeowner.

The builder should be primary contact, the customer is contracting with the builder for the product, not the subcontractors. The complexity of providing this information would present a challenge as the information can change over the lifecycle of the community and/or build process. The builder provides the warranty coverage and acts as the liaison, and providing this information will result in a disruption to the warranty process. Not all subcontractors that work with a home builder work on all that home builder projects. For example, a brick mason subcontractor would not be a participant on an all stucco and glass style home. Additionally, many subcontractors employ third party "sub to the sub" crews in addition to their own crews. Most tasks necessary to produce new homes involve work over which home builders have no control and no direct knowledge.

A prime example of this circumstance are utilities such as water, sanitary sewer, natural gas, telecommunications, and electric. Most new homes require extensive and costly upgrades to existing utilities, performed by the utility companies both on and off new home property. Our home builder members have stated that the various utility companies often employ their own subcontractors and, often, our home builders do not know what subcontractors perform work on behalf of the utility companies and which are related to new home construction.

Many of our new home builder members have stated that their subcontractor relationships have been developed over many, many years. Our builders have cultivated, nurtured, and refined these relationships with careful planning and management practices. Many builders have stated that they alone are responsible for standing behind their homes, not their subcontractors. Plainly stated, some were offended at the notion of being compelled to disclose detailed information about the subcontractors working on their homes, given the tremendous investment of time in developing the many relationships.

In the case where the customer requests this information, it should be limited to trades that provide maintenance contracts under the warranty, which are HVAC and Generator contractors.

We appreciate the sponsor's intent with House Bill 821. However, for these reasons, MBIA respectfully requests the Committee adopt the proposed amendments and give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: House Environment and Transportation Committee Members