

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 970 (Delegate Fraser-Hidalgo, *et al.*)
Environment and Transportation

Real Property - New Home Sales - Information on Energy-Efficient Options

This bill requires a home builder, prior to executing a contract for the initial sale of a new home, to provide written information to the purchaser about energy-efficient options available for the home before the home is completed. The bill also requires a contract for the initial sale of a new home to contain an acknowledgment that the purchaser was advised by the builder of any energy-efficient options available for the home before the home is completed. The bill's requirements only apply to a development that contains 11 or more new homes to be built by the same builder.

Fiscal Summary

State Effect: The bill is not anticipated to impact State finances or operations.

Local Effect: The bill is not anticipated to impact local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: New home builders are required to register with the Home Builder and Home Builder Sales Representative Registration Unit within the Consumer Protection Division of the Office of the Attorney General. A "new home" is defined under the Maryland Home Builder Registration Act as a newly constructed residential dwelling and the fixtures that are part of the dwelling. A "new home contract" means an agreement between a home builder and a consumer for the sale or construction of a new home.

A contract for the initial sale of a new home in Baltimore City and all counties except Montgomery County must include, in conspicuous type:

- the builder registration number of the seller of the new home;
- a provision stating that the new home must be constructed in accordance with all applicable building codes;
- a provision referencing specified performance standards or guidelines that the seller must comply with, and that must prevail in the performance of the contract and any arbitration or adjudication of a claim arising from the contract; and
- a provision detailing the purchaser's right to receive a consumer information pamphlet as provided under the Home Builder Registration Act.

In Prince George's County, a contract for the sale of a new home must also include information about specified deferred private water and sewer assessments.

In Montgomery County, builders are subject to similar registration and licensing requirements, and they are required to provide specified disclosures, including notice of specified performance standards and the existence of a specified new home warranty.

Additional notice and disclosure requirements apply, statewide, to contracts for the initial sale or resale of residential real property.

Background: The U.S. Census Bureau reports that, in 2015, the most recent year for which complete data is available, 17,057 housing units were newly authorized for construction in the State. These included 11,108 single units, as well as 152 structures containing five or more units.

Additional Information

Prior Introductions: HB 1412 of 2016, a similar bill, was referred to interim study by the House Environment and Transportation Committee.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division);
U.S. Census Bureau; Montgomery County Code; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2017
md/kdm

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