

# HOUSE BILL 776

C2, N1

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By: **Delegates Reilly, Arikan, Griffith, and Szeliga**

Introduced and read first time: January 31, 2020

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Home Builders and Home Improvement Contractors – Contract Requirements –**  
3 **Consumer Protection Information**

4 FOR the purpose of requiring a registered home builder or a registered sales representative  
5 to include in a certain contract certain consumer protection information; requiring a  
6 contract for the initial sale of a new home to contain a certain acknowledgment that  
7 the purchaser received certain consumer protection information; requiring a certain  
8 acknowledgment to be independently initialed by the purchaser; requiring a home  
9 improvement contract to contain a certain acknowledgment that the consumer was  
10 provided with certain information; requiring a certain contract of sale of real  
11 property to comply with a certain provision of law relating to notice of consumer  
12 rights and remedies, if applicable; and generally relating to contract requirements  
13 for home builders, registered sales representatives, licensed contractors, and  
14 licensed salespersons.

15 BY repealing and reenacting, with amendments,  
16 Article – Business Regulation  
17 Section 4.5–603 and 8–501(c)  
18 Annotated Code of Maryland  
19 (2015 Replacement Volume and 2019 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Real Property  
22 Section 14–117(e)(21) and (22)  
23 Annotated Code of Maryland  
24 (2015 Replacement Volume and 2019 Supplement)

25 BY adding to  
26 Article – Real Property  
27 Section 14–117(e)(23)  
28 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2015 Replacement Volume and 2019 Supplement)

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

**Article – Business Regulation**

4.5–603.

(a) (1) This subsection applies only to a development that contains 11 or more new homes to be built by the same registrant.

(2) Prior to the execution of any contract for the initial sale of a new home, a registrant shall provide the purchaser with written information about any energy-efficient options, including a statement that tax credits may be available related to the energy-efficient options, that are available for installation in the home before construction of the home is completed.

(b) A registrant shall include in any contract for the initial sale of a new home the information required under § 14–117(a)(3), (i), and (m) of the Real Property Article, if applicable.

**(C) (1) A REGISTRANT OR REGISTERED SALES REPRESENTATIVE SHALL INCLUDE IN ANY CONTRACT FOR THE INITIAL SALE OF A NEW HOME A COPY OF THE MOST RECENT EDITION OF “BUYING A NEW HOME: CONSUMER RIGHTS AND REMEDIES UNDER MARYLAND LAW” PRODUCED BY THE CONSUMER PROTECTION DIVISION OF THE MARYLAND OFFICE OF THE ATTORNEY GENERAL.**

**(2) A CONTRACT FOR THE INITIAL SALE OF A NEW HOME SHALL CONTAIN AN ACKNOWLEDGMENT THAT THE PURCHASER RECEIVED THE INFORMATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

**(3) THE ACKNOWLEDGMENT UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL BE INDEPENDENTLY INITIALED BY THE PURCHASER.**

8–501.

(c) (1) In addition to any other matters on which the parties lawfully agree, each home improvement contract shall contain:

(i) the name, address, telephone number, and license number of the contractor;

(ii) the name and license number of each salesperson who solicited the home improvement contract or sold the home improvement;

(iii) the approximate dates when the performance of the home improvement will begin and when it will be substantially completed;

(iv) a description of the home improvement to be performed and the materials to be used;

(v) the agreed consideration;

(vi) the number of monthly payments and the amount of each payment, including any finance charge;

(vii) a description of any collateral security for the obligation of the owner under the home improvement contract;

(viii) a notice that gives the telephone number and Web site of the Commission and states that:

1. each contractor must be licensed by the Commission; and

2. anyone may ask the Commission about a contractor; [and]

(ix) a notice set by the Commission by regulation that:

1. specifies the protections available to consumers through the Commission; and

2. advises the consumer of the right to purchase a performance bond for additional protection against loss; AND

**(X) AN ACKNOWLEDGMENT THAT THE CONSUMER WAS PROVIDED BY THE LICENSED CONTRACTOR OR LICENSED SALESPERSON WITH THE INFORMATION REQUIRED UNDER ITEM (IX) OF THIS PARAGRAPH.**

(2) If payment for work performed under the home improvement contract will be secured by an interest in residential real estate, a written notice in not smaller than 10 point bold type that is on the first page of the contract shall state in substantially the following form: "This contract creates a mortgage or lien against your property to secure payment and may cause a loss of your property if you fail to pay the amount agreed upon. You have the right to consult an attorney. You have the right to rescind this contract within 3 business days after the date you sign it by notifying the contractor in writing that you are rescinding the contract."

(3) The notice under paragraph (2) of this subsection shall be independently initialed by the homeowner.

1 14–117.

2 (e) A contract of sale shall also comply with the following provisions, if applicable:

3 (21) Section 13–504 of the Tax – Property Article (notice of liability for  
4 agricultural land transfer tax in Washington County); [and]

5 (22) Section 6–824 of the Environment Article (disclosure pertaining to  
6 obligations to perform risk reduction); AND

7 **(23) SECTION 4.5–603 OF THE BUSINESS REGULATION ARTICLE**  
8 **(NOTICE OF CONSUMER RIGHTS AND REMEDIES UNDER MARYLAND LAW).**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2020.