

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 239 (Prince George's County Delegation)
Economic Matters

Prince George's County - Sales of Residential Real Property - Community Amenities - Advertising
PG 412-18

This bill requires any advertising for the sale of residential real property in a community development in Prince George's County that promotes a community amenity to include a specified disclosure statement that (1) identifies the community amenity that will be provided and (2) specifies when the community amenity will be completed. The bill applies prospectively, and it may not have any effect on advertising for a development in Prince George's County that promotes an amenity listed in a recreational facilities agreement recorded with the Prince George's County Planning Department before October 1, 2018.

Fiscal Summary

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

Local Effect: The bill does not directly affect Prince George's County finances or operations.

Small Business Effect: None.

Analysis

Current Law: Generally, "community amenity" includes a country club, golf course, health club, park, swimming pool, tennis court, and walking trail.

In Prince George's County, a residential property sales contract that includes an agreement by the home builder to provide a community amenity must include a disclosure statement that (1) identifies the promised community amenity and (2) the date the community amenity will be completed in accordance with a recreational facilities agreement recorded with the Prince George's County Planning Department. The disclosure statement must be dated and signed by the purchaser and the home builder, and included in or attached to the contract of sale.

If a purchaser does not receive the disclosure statement on or before entering into the contract of sale, the purchaser has *an unconditional right*, on written notice to the home builder, to rescind the contract of sale at any time before the receipt of the disclosure statement, or within five days after receipt of the disclosure statement. A home builder in Prince George's County that fails to make the community amenity available as specified in the sales contract may be liable for breach of contract.

Any advertising for a community development in Prince George's County that will include a community amenity must include notice of the required disclosure statements.

Background: Chapter 427 of 2010 established the requirement to provide a disclosure statement with any contract of sale for residential real property that includes an agreement by the home builder to provide a community amenity in Prince George's County. The requirements were originally established during a challenging housing market, where developers would try to entice prospective home buyers with amenities exclusive to the development, such as swimming pools, a club house, or tennis courts. However, economic conditions often made it more difficult for developers to deliver amenities when promised, or to deliver them at all. The provisions of Chapter 427 are intended to clarify liability for developers and afford home buyers an opportunity to rescind the contract of sale.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

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mm/kdm

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