

SENATE BILL 627

C5, P1
HB 995/12 – ECM

3lr1913
CF HB 621

By: ~~Senators Ramirez and Manno~~, Senators Manno, and Garagiola

Introduced and read first time: February 1, 2013

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 31, 2013

CHAPTER _____

1 AN ACT concerning

2 **Maryland Energy Administration – Regulated Sustainable Energy Contract**
3 **Program**

4 FOR the purpose of authorizing the Maryland Energy Administration to create a
5 Regulated Sustainable Energy Contract Program to authorize qualified
6 contractors to provide residential renewable energy installations and residential
7 energy efficiency measures to residential property owners under certain
8 regulated sustainable energy contracts; stating the intent of the General
9 Assembly; requiring the Administration to manage, supervise, and administer a
10 certain Program; requiring the Administration to adopt certain regulations
11 under certain circumstances; authorizing the Administration to enter into
12 certain contracts; authorizing the Administration to collect certain reasonable
13 fees from qualified contractors; authorizing the Administration to authorize
14 certain qualified contractors to enter into certain regulated sustainable energy
15 contracts with certain persons, directly bill certain persons, and enforce
16 payment under a certain regulated sustainable energy contract according to
17 certain provisions; authorizing the Administration to limit certain
18 authorizations in a certain manner or to authorize more than one qualified
19 contractor to operate in a certain territory or offer certain products; requiring
20 the Administration to perform a certain study before developing and
21 implementing a certain Program; authorizing the Administration to develop and
22 implement a test or pilot program; requiring the Administration to ensure that
23 financing authorized under this Act complies with certain provisions; requiring
24 a regulated sustainable energy contract to meet certain requirements
25 established by the Administration and to require certain actions; establishing a

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 time period during which a certain person may object to a regulated sustainable
 2 energy contract; requiring that an objection made to a regulated sustainable
 3 energy contract be in writing and addressed to certain persons; prohibiting a
 4 regulated sustainable energy contract from becoming effective if certain
 5 requirements are met; requiring the Administration, by regulation or order, to
 6 establish certain requirements for a certain regulated sustainable energy
 7 contract; prohibiting a certain qualified contractor from entering into a certain
 8 regulated sustainable energy contract unless certain conditions have been met;
 9 authorizing a property owner to subject property to a certain regulated
 10 sustainable energy contract by recording or authorizing the recordation of the
 11 regulated sustainable energy contract in a certain manner; providing that a
 12 person that acquires property subject to a certain regulated sustainable energy
 13 contract assumes a certain obligation; authorizing the Administration to revoke
 14 a certain authorization if the Administration makes a certain determination;
 15 authorizing a certain qualified contractor to collect payments that are in arrears
 16 under a certain regulated sustainable energy contract, by the imposition of a
 17 lien on a certain property in accordance with the Maryland Contract Lien Act;
 18 prohibiting a lien imposed by a certain qualified contractor from taking priority
 19 over a lien, mortgage, deed of trust, or other security interest that is already
 20 attached to the property; prohibiting a party that holds a recorded mortgage or
 21 deed of trust on a certain property from being charged for any amount due on a
 22 certain regulated sustainable energy contract; requiring payment on a certain
 23 regulated sustainable energy contract to resume when the property subject to
 24 the regulated sustainable energy contract is sold or transferred to a certain
 25 person; adding a certain regulated sustainable energy contract recorded under a
 26 certain provision of law to the definition of a “contract” under the Maryland
 27 Contract Lien Act; requiring the Administration to report to the General
 28 Assembly on or before a certain date; defining certain terms; and generally
 29 relating to the Regulated Sustainable Energy Contract Program.

30 BY adding to
 31 Article – State Government
 32 Section 9–20C–01 through 9–20C–08 to be under the new subtitle “Subtitle 20C.
 33 Regulated Sustainable Energy Contracts”
 34 Annotated Code of Maryland
 35 (2009 Replacement Volume and 2012 Supplement)

36 BY repealing and reenacting, with amendments,
 37 Article – Real Property
 38 Section 14–201(b)
 39 Annotated Code of Maryland
 40 (2010 Replacement Volume and 2012 Supplement)

41 BY repealing and reenacting, without amendments,
 42 Article – Real Property
 43 Section 14–202
 44 Annotated Code of Maryland

1 (2010 Replacement Volume and 2012 Supplement)

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

4 **Article – State Government**

5 **SUBTITLE 20C. REGULATED SUSTAINABLE ENERGY CONTRACTS.**

6 **9–20C–01.**

7 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (B) “ADMINISTRATION” MEANS THE MARYLAND ENERGY
10 ADMINISTRATION.

11 (C) “PROGRAM” MEANS THE REGULATED SUSTAINABLE ENERGY
12 CONTRACT PROGRAM.

13 (D) “QUALIFIED CONTRACTOR” MEANS A PERSON AUTHORIZED BY THE
14 ADMINISTRATION UNDER THIS SUBTITLE TO PROVIDE SUSTAINABLE ENERGY
15 PRODUCTS TO RESIDENTIAL PROPERTY OWNERS UNDER A REGULATED
16 SUSTAINABLE ENERGY CONTRACT.

17 (E) “REGULATED SUSTAINABLE ENERGY CONTRACT” MEANS A
18 CONTRACT BETWEEN A RESIDENTIAL PROPERTY OWNER AND A QUALIFIED
19 CONTRACTOR THAT:

20 (1) MEETS THE REQUIREMENTS OF § 9–20C–04 OF THIS
21 SUBTITLE; AND

22 (2) DOES NOT EXCEED \$30,000.

23 (F) “RESIDENTIAL ENERGY EFFICIENCY MEASURE” MEANS A PRODUCT
24 OR AN IMPROVEMENT TO A STRUCTURE THAT, WHEN INSTALLED, RESULTS IN A
25 REDUCTION OF ENERGY USAGE IN THAT STRUCTURE.

26 (G) “RESIDENTIAL RENEWABLE ENERGY INSTALLATION” MEANS A
27 PRODUCT THAT, WHEN INSTALLED ON RESIDENTIAL PROPERTY, PROVIDES
28 ENERGY SAVINGS OR GENERATES ENERGY FROM A RENEWABLE SOURCE.

29 **9–20C–02.**

1 **THIS SUBTITLE IS INTENDED TO PROMOTE ENERGY CONSERVATION AND**
2 **THE USE OF RENEWABLE ENERGY BY PROVIDING A SECURE FORM OF**
3 **LONG-TERM FINANCING TO FACILITATE THE IMPLEMENTATION OF**
4 **RESIDENTIAL RENEWABLE ENERGY INSTALLATIONS AND RESIDENTIAL ENERGY**
5 **EFFICIENCY MEASURES ON OR IN RESIDENTIAL PROPERTIES.**

6 **9-20C-03.**

7 **(A) THE ADMINISTRATION MAY CREATE A REGULATED SUSTAINABLE**
8 **ENERGY CONTRACT PROGRAM TO AUTHORIZE QUALIFIED CONTRACTORS TO**
9 **PROVIDE RESIDENTIAL RENEWABLE ENERGY INSTALLATIONS AND RESIDENTIAL**
10 **ENERGY EFFICIENCY MEASURES TO RESIDENTIAL PROPERTY OWNERS UNDER**
11 **REGULATED SUSTAINABLE ENERGY CONTRACTS IN ACCORDANCE WITH THIS**
12 **SUBTITLE.**

13 **(B) THE ADMINISTRATION SHALL MANAGE, SUPERVISE, AND**
14 **ADMINISTER A PROGRAM CREATED UNDER THIS SUBTITLE.**

15 **(C) IF THE ADMINISTRATION CREATES A PROGRAM UNDER THIS**
16 **SUBTITLE, THE ADMINISTRATION SHALL ADOPT REGULATIONS THAT:**

17 **(1) ENSURE THAT FINANCING IS PROVIDED ONLY TO A PROJECT**
18 **THAT CARRIES OUT THE PURPOSES STATED IN A REGULATED SUSTAINABLE**
19 **ENERGY CONTRACT;**

20 **(2) ESTABLISH ELIGIBILITY CRITERIA FOR QUALIFIED**
21 **CONTRACTORS, INCLUDING A REQUIRED MINIMUM LEVEL OF CAPITALIZATION;**

22 **(3) ESTABLISH ELIGIBILITY REQUIREMENTS FOR PROPERTY**
23 **OWNERS THAT GIVE DUE REGARD TO THE OWNER'S ABILITY TO PAY IN A**
24 **MANNER SUBSTANTIALLY SIMILAR TO THE REQUIREMENTS FOR A MORTGAGE**
25 **LOAN UNDER §§ 12-127, 12-311, 12-409.1, 12-925, AND ~~12-1049~~ 12-1029 OF**
26 **THE COMMERCIAL LAW ARTICLE;**

27 **(4) DEFINE AND PLACE LIMITS ON ELIGIBLE RESIDENTIAL**
28 **RENEWABLE ENERGY INSTALLATIONS AND ELIGIBLE RESIDENTIAL ENERGY**
29 **EFFICIENCY MEASURES;**

30 **(5) ESTABLISH COST-EFFECTIVENESS REQUIREMENTS FOR**
31 **ELIGIBLE RESIDENTIAL RENEWABLE ENERGY INSTALLATIONS AND ELIGIBLE**
32 **RESIDENTIAL ENERGY EFFICIENCY MEASURES;**

1 **(6) ESTABLISH PAYBACK REQUIREMENTS, RATE-OF-RETURN AND**
2 **INTEREST RATE GUIDELINES, AND LIMITS FOR REGULATED SUSTAINABLE**
3 **ENERGY CONTRACTS;**

4 **(7) ESTABLISH MECHANISMS FOR INDEPENDENT QUALITY**
5 **CONTROL AND QUALITY ASSURANCE;**

6 **(8) MARKET THE PROGRAM TO PROPERTY OWNERS AND**
7 **POTENTIAL QUALIFIED CONTRACTORS; AND**

8 **(9) PROVIDE A PROCESS FOR ADOPTING BRAND NAMES FOR THE**
9 **PROGRAM AS WELL AS ELEMENTS OF THE PROGRAM.**

10 **(D) THE ADMINISTRATION MAY ENTER INTO CONTRACTS WITH THIRD**
11 **PARTIES TO ENSURE THAT:**

12 **(1) FINANCING IS PROVIDED ONLY TO PROJECTS THAT CARRY**
13 **OUT THE TERMS AND CONDITIONS OF REGULATED SUSTAINABLE ENERGY**
14 **CONTRACTS; AND**

15 **(2) THE PURPOSES OF THE PROGRAM ARE FULFILLED.**

16 **(E) THE ADMINISTRATION MAY COLLECT REASONABLE FEES FROM**
17 **QUALIFIED CONTRACTORS TO:**

18 **(1) ENSURE THAT THE PURPOSES OF THE PROGRAM ARE**
19 **FULFILLED; AND**

20 **(2) CARRY OUT THE ADMINISTRATION'S DUTIES UNDER THIS**
21 **SUBTITLE.**

22 **(F) THE ADMINISTRATION MAY AUTHORIZE QUALIFIED CONTRACTORS**
23 **TO:**

24 **(1) ENTER INTO REGULATED SUSTAINABLE ENERGY CONTRACTS**
25 **WITH INDIVIDUAL RESIDENTIAL PROPERTY OWNERS, GROUPS OF RESIDENTIAL**
26 **PROPERTY OWNERS, OR THE BUILDER OF A NEW RESIDENTIAL STRUCTURE;**

27 **(2) DIRECTLY BILL, IN ACCORDANCE WITH THE RATE AND**
28 **PAYMENT SCHEDULES PROVIDED IN THE REGULATED SUSTAINABLE ENERGY**
29 **CONTRACT, EACH PROPERTY OWNER THAT:**

30 **(I) IS A PARTY TO A REGULATED SUSTAINABLE ENERGY**
31 **CONTRACT; OR**

1 (II) OWNS PROPERTY SUBJECT TO A REGULATED
2 SUSTAINABLE ENERGY CONTRACT; AND

3 (3) ENFORCE PAYMENT UNDER A REGULATED SUSTAINABLE
4 ENERGY CONTRACT IN ACCORDANCE WITH § 9-20C-08 OF THIS SUBTITLE.

5 (G) THE ADMINISTRATION MAY:

6 (1) LIMIT THE AUTHORIZATION OF A QUALIFIED CONTRACTOR TO
7 A PARTICULAR TERRITORY OR SPECIFIED RESIDENTIAL RENEWABLE ENERGY
8 INSTALLATION; AND

9 (2) AUTHORIZE MORE THAN ONE QUALIFIED CONTRACTOR TO
10 OPERATE IN A PARTICULAR TERRITORY OR TO OFFER SPECIFIED RESIDENTIAL
11 RENEWABLE ENERGY INSTALLATION.

12 (H) THE ADMINISTRATION:

13 (1) BEFORE DEVELOPING AND IMPLEMENTING A PROGRAM,
14 SHALL PERFORM A STUDY TO ASSESS:

15 (I) THE FEASIBILITY OF THE PROGRAM; AND

16 (II) THE ADMINISTRATION'S ABILITIES TO FULFILL ITS
17 DUTIES REGARDING THE PROGRAM UNDER THIS SUBTITLE; ~~AND~~

18 (2) MAY DEVELOP AND IMPLEMENT A TEST OR PILOT PROGRAM;
19 AND

20 (3) NOTWITHSTANDING THE PROVISIONS IN THIS SUBTITLE,
21 SHALL ENSURE THAT ANY FINANCING AUTHORIZED UNDER THIS SUBTITLE
22 SHALL COMPLY WITH APPLICABLE PROVISIONS IN TITLE 12, SUBTITLES 1, 3, 4,
23 6, 9, AND 10 OF THE COMMERCIAL LAW ARTICLE.

24 **9-20C-04.**

25 (A) UNDER A PROGRAM CREATED IN ACCORDANCE WITH § 9-20C-03(A)
26 OF THIS SUBTITLE, A REGULATED SUSTAINABLE ENERGY CONTRACT SHALL:

27 (1) MEET THE REQUIREMENTS ESTABLISHED BY THE
28 ADMINISTRATION UNDER SUBSECTION ~~(B)~~ (D) OF THIS SECTION; AND

1 (2) REQUIRE, FOR EACH PROPERTY EXPECTED TO BE SUBJECT TO
2 THE REGULATED SUSTAINABLE ENERGY CONTRACT;

3 ~~(I) THE REGULATED SUSTAINABLE ENERGY CONTRACT TO~~
4 ~~BE RECORDED IN THE LAND RECORDS IN THE COUNTY IN WHICH EACH~~
5 ~~PROPERTY IS LOCATED; AND~~

6 ~~(H), THE QUALIFIED CONTRACTOR TO NOTIFY, BY~~
7 ~~FIRST-CLASS CERTIFIED MAIL, ANY PARTY THAT HOLDS A RECORDED~~
8 ~~MORTGAGE OR DEED OF TRUST ON PROPERTY AT THE TIME THAT THE~~
9 ~~REGULATED SUSTAINABLE ENERGY CONTRACT BECOMES EFFECTIVE OF;~~

10 (I) THE EXPECTED EXISTENCE AND TERMS OF THE
11 REGULATED SUSTAINABLE ENERGY CONTRACT; AND

12 (II) THE RIGHT OF THE PARTY THAT HOLDS A RECORDED
13 MORTGAGE OR DEED OF TRUST TO OBJECT TO THE CONTRACT AS PROVIDED IN
14 SUBSECTION (B) OF THIS SECTION.

15 (B) (1) A PARTY THAT HOLDS A RECORDED MORTGAGE OR DEED OF
16 TRUST ON PROPERTY THAT WOULD BE SUBJECT TO A REGULATED SUSTAINABLE
17 ENERGY CONTRACT HAS 30 DAYS FROM RECEIPT OF THE NOTICE REQUIRED
18 UNDER SUBSECTION (A)(2) OF THIS SECTION TO OBJECT TO THE CONTRACT.

19 (2) ANY OBJECTION TO THE CONTRACT ON THE PART OF A PARTY
20 THAT HOLDS A RECORDED MORTGAGE OR DEED OF TRUST ON THE PROPERTY
21 MUST BE IN WRITING AND ADDRESSED TO THE OWNER OF THE PROPERTY AND
22 THE QUALIFIED CONTRACTOR.

23 (C) IF AN OBJECTION IS MADE UNDER SUBSECTION (B) OF THIS
24 SECTION BY A PARTY THAT HOLDS A RECORDED MORTGAGE OR DEED OF TRUST
25 ON THE PROPERTY, THE REGULATED SUSTAINABLE ENERGY CONTRACT MAY
26 NOT BECOME EFFECTIVE AND IF EXECUTED SHALL BE VOID.

27 (D) WHEN CREATING A PROGRAM UNDER THIS SUBTITLE, THE
28 ADMINISTRATION SHALL, BY ORDER OR REGULATION, ESTABLISH SPECIFIC
29 REQUIREMENTS FOR A REGULATED SUSTAINABLE ENERGY CONTRACT UNDER
30 THIS SUBTITLE, INCLUDING:

31 (1) TERMS AND CONDITIONS, INCLUDING:

32 (I) INTEREST RATES, SCHEDULES, AND RATES FOR
33 REPAYMENT;

1 **(II) A REQUIREMENT THAT, IF THERE IS NO OBJECTION BY A**
 2 **PARTY THAT HOLDS A RECORDED MORTGAGE OR DEED OF TRUST, THE**
 3 **REGULATED SUSTAINABLE ENERGY CONTRACT BE RECORDED IN THE LAND**
 4 **RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED;**

5 **(III) TIME FRAMES FOR THE RECORDATION ~~AND NOTICE~~**
 6 **~~REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION; AND~~**

7 ~~**(III)**~~ **(IV) ANY TERMS AND CONDITIONS REQUIRED TO**
 8 **CREATE AND ENFORCE A LIEN UNDER THE MARYLAND CONTRACT LIEN ACT,**
 9 **TITLE 14, SUBTITLE 2 OF THE REAL PROPERTY ARTICLE;**

10 **(2) ELIGIBILITY REQUIREMENTS FOR PROPERTY OWNERS THAT**
 11 **GIVE DUE REGARD TO THE OWNER'S ABILITY TO PAY IN A MANNER**
 12 **SUBSTANTIALLY SIMILAR TO THE REQUIREMENTS FOR A MORTGAGE LOAN**
 13 **UNDER §§ 12-127, 12-311, 12-409.1, 12-925, AND ~~12-1049~~ 12-1029 OF THE**
 14 **COMMERCIAL LAW ARTICLE; AND**

15 **(3) MECHANISMS:**

16 **(I) FOR QUALITY CONTROL; AND**

17 **(II) TO ENSURE THAT THE SAVINGS TO THE PROPERTY**
 18 **OWNER UNDER A REGULATED SUSTAINABLE ENERGY CONTRACT OUTWEIGH THE**
 19 **COST OF THE REGULATED SUSTAINABLE ENERGY CONTRACT.**

20 **9-20C-05.**

21 **A QUALIFIED CONTRACTOR MAY NOT ENTER INTO A REGULATED**
 22 **SUSTAINABLE ENERGY CONTRACT UNLESS, FOR EACH PROPERTY THAT WOULD**
 23 **BE SUBJECT TO THE REGULATED SUSTAINABLE ENERGY CONTRACT:**

24 **(1) PROPERTY TAXES AND MORTGAGE DEBT ARE CURRENT;**

25 **(2) THERE ARE NO OUTSTANDING OR UNSATISFIED LIENS; ~~AND~~**

26 **(3) THERE ARE NO NOTICES OF DEFAULT OR OTHER EVIDENCE OF**
 27 **PROPERTY-BASED DEBT DELINQUENCY FOR THE LESSER OF:**

28 **(I) THE 3 YEARS IMMEDIATELY PRECEDING THE CONTRACT**
 29 **DATE; OR**

30 **(II) THE LENGTH OF TIME THAT THE PROPERTY OWNER HAS**
 31 **OWNED THE PROPERTY; AND**

1 **(4) THE REGULATED SUSTAINABLE ENERGY CONTRACT HAS NOT**
2 **BEEN OBJECTED TO UNDER § 9-20C-04(B) OF THIS SUBTITLE BY A PARTY THAT**
3 **HOLDS A RECORDED MORTGAGE OR DEED OF TRUST ON THE PROPERTY THAT**
4 **WOULD BE SUBJECT TO THE REGULATED SUSTAINABLE ENERGY CONTRACT.**

5 **9-20C-06.**

6 **(A) A PROPERTY OWNER MAY SUBJECT PROPERTY TO A REGULATED**
7 **SUSTAINABLE ENERGY CONTRACT BY RECORDING OR AUTHORIZING THE**
8 **RECORDATION OF THE REGULATED SUSTAINABLE ENERGY CONTRACT AMONG**
9 **THE LAND RECORDS IN THE COUNTY WHERE THE PROPERTY IS LOCATED.**

10 **(B) ~~A~~ SUBJECT TO § 9-20C-08 OF THIS SUBTITLE, A PERSON WHO**
11 **ACQUIRES PROPERTY SUBJECT TO A REGULATED SUSTAINABLE ENERGY**
12 **CONTRACT, WHETHER BY PURCHASE OR OTHER MEANS, ASSUMES THE**
13 **OBLIGATION TO PAY THE QUALIFIED CONTRACTOR IN ACCORDANCE WITH THE**
14 **RATE AND PAYMENT SCHEDULES IN THE REGULATED SUSTAINABLE ENERGY**
15 **CONTRACT.**

16 **9-20C-07.**

17 **THE ADMINISTRATION MAY REVOKE THE AUTHORIZATION OF A**
18 **QUALIFIED CONTRACTOR UNDER THIS SUBTITLE IF THE ADMINISTRATION**
19 **DETERMINES THAT:**

20 **(1) THE QUALIFIED CONTRACTOR IS NOT COMPLYING WITH THE**
21 **TERMS OF THE AUTHORIZATION;**

22 **(2) THERE ~~ARE~~ IS AN EXCESSIVE NUMBER OF CONSUMER**
23 **COMPLAINTS; OR**

24 **(3) THE AUTHORIZATION IS NO LONGER SERVING THE PURPOSE**
25 **OF THIS SUBTITLE.**

26 **9-20C-08.**

27 **~~A~~ (A) (1) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A QUALIFIED**
28 **CONTRACTOR MAY COLLECT PAYMENTS UNDER A REGULATED SUSTAINABLE**
29 **ENERGY CONTRACT THAT ARE IN ARREARS, INCLUDING THE PRINCIPAL,**
30 **INTEREST, LATE CHARGES, COSTS OF COLLECTION, AND REASONABLE**
31 **ATTORNEY'S FEES, BY THE IMPOSITION OF A LIEN ON PROPERTY THAT IS**
32 **SUBJECT TO THE CONTRACT IN ACCORDANCE WITH THE MARYLAND CONTRACT**
33 **LIEN ACT, TITLE 14, SUBTITLE 2 OF THE REAL PROPERTY ARTICLE.**

1 **(2) A LIEN IMPOSED UNDER PARAGRAPH (1) OF THIS**
 2 **SUBSECTION MAY NOT TAKE PRIORITY OVER A LIEN, MORTGAGE, DEED OF**
 3 **TRUST, OR OTHER SECURITY INTEREST THAT IS ALREADY ATTACHED TO THE**
 4 **PROPERTY.**

5 **(B) IF A PROPERTY SUBJECT TO A REGULATED SUSTAINABLE ENERGY**
 6 **CONTRACT IS FORECLOSED UNDER TITLE 7, SUBTITLE 1 OF THE REAL**
 7 **PROPERTY ARTICLE, ANY DEFICIENCY DUE AS A RESULT OF A LIEN ARISING**
 8 **FROM THE REGULATED SUSTAINABLE ENERGY CONTRACT SHALL BE:**

9 **(1) ADDED TO THE TOTAL BALANCE DUE ON THE CONTRACT; AND**

10 **(2) SUBJECT TO PERIODIC PAYMENT AS PROVIDED IN THE**
 11 **CONTRACT.**

12 **(C) (1) IF A PARTY THAT HOLDS A RECORDED MORTGAGE OR DEED**
 13 **OF TRUST ON A PROPERTY SUBJECT TO A REGULATED SUSTAINABLE ENERGY**
 14 **CONTRACT ACQUIRES THE PROPERTY THROUGH FORECLOSURE, THE PARTY**
 15 **MAY NOT BE CHARGED FOR ANY AMOUNT DUE ON THE REGULATED**
 16 **SUSTAINABLE ENERGY CONTRACT.**

17 **(2) PAYMENT ON A REGULATED SUSTAINABLE ENERGY**
 18 **CONTRACT SHALL RESUME WHEN THE PROPERTY SUBJECT TO THE REGULATED**
 19 **SUSTAINABLE ENERGY CONTRACT IS SOLD OR TRANSFERRED TO A PERSON WHO**
 20 **IS NOT RELATED TO THE PERSON WHO HELD THE RECORDED MORTGAGE OR**
 21 **DEED OF TRUST WHEN THE PROPERTY WAS FORECLOSED.**

22 **Article – Real Property**

23 14–201.

24 (b) (1) “Contract” means a real covenant running with the land or a
 25 contract recorded among the land records of a county or Baltimore City.

26 (2) “Contract” includes a [declaration]:

27 **(I) DECLARATION** or bylaws recorded under the provisions of
 28 the Maryland Condominium Act or the Maryland Real Estate Time–Sharing Act; **OR**

29 **(II) REGULATED SUSTAINABLE ENERGY CONTRACT**
 30 **RECORDED UNDER THE PROVISIONS OF TITLE 9, SUBTITLE 20C OF THE STATE**
 31 **GOVERNMENT ARTICLE.**

32 14–202.

1 (a) A lien on property may be created by a contract and enforced under this
2 subtitle if:

3 (1) The contract expressly provides for the creation of a lien; and

4 (2) The contract expressly describes:

5 (i) The party entitled to establish and enforce the lien; and

6 (ii) The property against which the lien may be imposed.

7 (b) A lien may only secure the payment of:

8 (1) Damages;

9 (2) Costs of collection;

10 (3) Late charges permitted by law; and

11 (4) Attorney’s fees provided for in a contract or awarded by a court for
12 breach of a contract.

13 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December
14 31, 2013, the Maryland Energy Administration shall report to the General Assembly,
15 in accordance with § 2–1246 of the State Government Article, on the Administration’s
16 progress in carrying out the requirements of this Act.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 July 1, 2013.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.