

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 648

(Senator Kelley)

Judicial Proceedings

Environment and Transportation

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

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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; it also requires a contract for the initial sale of a new home to contain a specified acknowledgement. The bill's requirements only apply to a development that contains 11 or more new homes to be built by the same builder.

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**Fiscal Summary**

**State Effect:** The bill does not directly impact State finances or operations.

**Local Effect:** The bill does not directly impact local government finances or operations.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** A home builder must provide written information to the purchaser of a new home about 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. A contract for the initial sale of a new home must contain an acknowledgment that the home builder provided 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, available for installation in the home before construction of the home is completed.

**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, provisions of the county code subject builders to similar registration and licensing requirements, and builders 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 2016, the most recent year for which complete data is available, 17,044 housing units were newly authorized for construction in the State. These included 11,108 single units, as well as 177 structures containing 5 or more units.

## **Additional Information**

**Prior Introductions:** HB 970 of 2017 passed the House as amended but received an unfavorable report from the Senate Judicial Proceedings Committee. HB 1412 of 2016, a similar bill, was referred to interim study by the House Environment and Transportation Committee.

**Cross File:** HB 1481 (Delegate Fraser-Hidalgo, *et al.*) - Environment and Transportation.

**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 13, 2018  
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Analysis by: Nathan W. McCurdy

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510