

During the 2019 session, the General Assembly enacted the following laws affecting home builders, which became effective October 1, 2019:

Direct impact:

- **Chapter 327 (SB 305) - Real Property - Homeowners Associations - Number of Declarant Votes:** This bill specifies that before a developer subdivides and records all the lots that may be part of the development, the developer will have the number of votes per lot that are set forth in the governing documents and will maintain this amount until all the lots that may be part of the development are subdivided and recorded. At that time, the developer will only be entitled to the number of subdivided and recorded lots that have not yet been sold.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_327_sb0305t.pdf
- **Chapter 93 (HB 107) – Real Property – Residential Property Foreclosure Procedures:** This Departmental bill from the Commissioner of Financial Regulation recodifies miscellaneous provisions from the Real Property Article pertaining to foreclosure procedures and notice and disclosure requirements for foreclosure sales into a single title of the Real Property Article.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_93_hb0107t.pdf
- **Chapter 382 (HB 1231) – Construction Contracts – Retention Proceeds:** This bill increases the number of construction contracts that are subject to a 5% cap on retention proceeds. Under the bill, contracts valued at \$100,000 or more, instead of the threshold of \$250,000 or more under current law, are subject to the statutory 5% cap on retention proceeds. The bill clarifies that an “undisputed amount” includes any retention proceeds that exceed the amount authorized to be retained as specified under § 9-304 of the Real Property Article; it also specifies that undisputed retention proceeds retained by an owner must be paid within 90 days after the date of substantial completion, as defined by the applicable contract or subcontract.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_382_hb1231e.pdf

Indirect impact:

- **Chapter 303 (SB 265) - Income Tax Subtraction Modification - Mortgage Forgiveness Debt Relief – Extension:** During the 2008 recession in Maryland, many mortgage lenders forgave or canceled the mortgage debt of some debtors as part of a mortgage restructuring agreement or foreclosure. Although someone may no longer owe that amount of debt to the mortgage lender, the canceled amount is generally considered taxable income. Although the federal subtraction modification for mortgage payment relief has expired, Maryland has enacted its own version for local and state income taxation, which was due to sunset. This bill repeals the termination of the subtraction modification for qualified mortgage debt relief under the Maryland income tax in order to protect homeowners from struggling to make mortgage payments on their homes.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_303_sb0265t.pdf

- **Chapter 650 (HB 425) – Civil Actions – Unfair, Abusive, or Deceptive Trade Practices by Mortgage Servicer – Statute of Limitations:** This bill extends the statute of limitations for filing a civil action by a homeowner for specified claims of unfair, abusive, or deceptive trade practices by a mortgage servicer related to residential property. The bill specifies that such an action must be filed within the earlier of either five years after a foreclosure sale of the residential property or, if the mortgage servicer discloses their unfair, abusive, or deceptive trade practice to the homeowner, three years after the disclosure. The bill is the result of homeowners who were advised by Wells Fargo that the homeowners had been victims of deceptive practices after the three year statute of limitations had already lapsed.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_650_hb0425t.pdf

- **Chapters 684/685 (HB 671/ SB 712) - Household Goods Movers Registration:** This bill requires businesses that provide household goods moving services in Maryland with a commercial vehicle to register with the Department of Labor, Licensing, and Regulation (DLLR). The Federal Motor Carrier Safety Administration’s Household Goods Program registers interstate household goods movers. As of February 2019, there were about 560 registrants headquartered in Maryland, which have about 1,600 vehicles. “Household goods moving services” means the loading, packing, moving, transporting, storing while in transit, unloading, or otherwise taking possession or control from a consumer of household goods for the purpose of moving them to another location at the direction of the consumer for a fee. The bill does not require the registration of (1) employees of a person required to register under the bill or (2) an employee of a person whose goods are being moved. DLLR must adopt regulations to implement the bill, including those to establish requirements and procedures for the registration of household goods movers, such as application specifications.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_684_hb0671t.pdf
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_685_sb0712t.pdf

During the 2019 session, the General Assembly enacted the following law affecting home builders, which takes effect October 1, 2020:

- **Chapter 350 (HB 219) – New Home Drainage Defects – Prince George’s County:** This bill requires the governing body of Prince George’s County to establish a program to evaluate complaints of drainage defects in the county. The program must include procedures for (1) an owner to request an evaluation of a drainage defect; (2) requiring the county to complete a written evaluation of alleged drainage defects; and (3) requiring the county to collect data regarding homebuilders who have built homes with drainage defects.
 - http://mgaleg.maryland.gov/2019RS/Chapters_noln/CH_350_hb0219t.pdf