

Prince George's County Council

Agenda Item Summary

Meeting Date: 7/11/2006
Reference No.: CB-022-2006
Draft No.: 1
Proposer(s): Knotts
Sponsor(s): Knotts, Peters, Dean, Exum, Harrington, Bland, Dernoga
Item Title: An Act amending the Consumer Protection laws of the County to change the wording required in the notice that sellers must give to purchasers of residential real property, to correct an inadvertent error in the legislation that imposed the notice requirement.

Drafter: Steven M. Gilbert, Principal Counsel
Resource Personnel: Betty Horton-Hodge, Legislative Aide

LEGISLATIVE HISTORY:

Date Presented:	5/9/2006	Executive Action:	7/14/2006 S
Committee Referral:	5/9/2006 - THE	Effective Date:	8/29/2006

Committee Action: 6/8/2006 - FAV

Date Introduced: 6/13/2006
Public Hearing: 7/11/2006 - 10:00 AM

Council Action (1) 7/11/2006 - ENACTED
Council Votes: MB:-, WC:A, SHD:A, TD:A, CE:A, DCH:A, TH:A, TK:A, DP:A
Pass/Fail: P
Remarks:

AFFECTED CODE SECTIONS:

02-162.01

COMMITTEE REPORTS:

TRANSPORTATION, HOUSING AND ENVIRONMENT COMMITTEE

Date 6/8/2006

Committee Vote: Favorable, 3-0 (In favor: Council Members Harrington, Dernoga, Exum)

Staff provided a summary of the bill and referral comments that were received.

Council Member Knotts' Legislative Aide, presented his position on CB-22-2006 and asked for favorable consideration by the Committee on this legislation.

CB-22 is being presented to correct CB-24-2005 that included language that gave the Purchaser the authority to rescind the contract by the seller, if the seller did not hold title to the property it was selling. This was an unintended consequence. The only intended consequence was that the seller in violation would be guilty of a misdemeanor and subject to penalties.

The intent of CB-22-2006 is for the Builder or Developer to separately disclose to the purchaser that they may not hold title to the property that they have signed a contract to purchase. By requiring a separate disclosure, its intent is

to prompt the purchaser to ask questions of the builder or developer what this in fact means and what impact it will have on the purchase and possible delivery of their home. Also, the sponsor intends to provide educational forums for new homeowners.

A Council Member suggested that funding should be set aside for the Department of Housing and Community Development to provide the educational component to homeowners.

The Committee Chair recommended that future legislation should be drafted to strengthen the code to reflect the consequences of the disclosure to the homeowner.

The Prince George's County Association of Realtors, and Maryland National Capital Building Industry Association provided written correspondence in support of CB-22-2006.

The Office of Audits and Investigations determined that CB-22-2006 would not have an adverse impact on the County. The County Executive supports CB-22-2006. The Legislative Officer finds it to be in proper legislative form.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

The County Council and County Executive, in CB-24-2005, imposed a new notice requirement on sellers of residential real property in Prince George's County. In those cases – which occur frequently – in which sellers do not hold title to the residential lots being sold, the sellers must give written notice to purchasers of that fact. When the bill was amended in committee, however, an error was made in the wording of the required notice: in line 23 on page 2, the CB-24-2005 notice to the purchaser suggested that the purchaser was granted the right to rescind the purchase-and-sale agreement later, after the agreement was signed. This bill deletes the paragraph with the erroneous language and adds wording to clarify that the written notice (which seller and purchaser must sign) is required by County law.

CODE INDEX TOPICS:

INCLUSION FILES:
