



ADDENDUM - FRONT FOOT

To Listing Contract

ADDENDUM/AMENDMENT # 1 dated May 20, 2011 to Listing dated May 20, 2011

between Broker: CHAMPION REALTY and Owner(s): Lane

Contractors, Inc.

for Property known as: 230 Asbury Rd

Pasadena, MD 21122--

Please check appropriate box or boxes and provide required information:

- Owner(s) states that the property herein described is NOT subject to any Public or Private Front Foot Benefit Assessment and/or Capital Facilities Assessment.
- Owner(s) states that the herein described property is subject to Capital Facilities Assessment/Front Foot Benefit Assessment of \$ _____ per _____ payable to Anne Arundel County.
- Each contract for the sale of real property in Anne Arundel County served by public water or wastewater facilities constructed as a result of an agreement permitted by Article 27, § 4-13(a) of the Anne Arundel Code shall contain a notice to the purchaser in substantially the following form:

NOTICE TO PURCHASERS OF REAL ESTATE IN ANNE ARUNDEL COUNTY. This property is subject to a fee or assessment which purports to cover or defray the cost of installing or maintaining all or part of the public water or wastewater facilities constructed by the developer of the _____ subdivision. This fee or assessment is (amount) \$ _____ payable annually in (month) _____ to (name and address) _____ (Hereinafter called "lienholder") until (date) _____. There may be a right of prepayment or discount for early payment which may be ascertained by contacting the lienholder. This fee or assessment is a contractual obligation between the lien holder and each owner of this property and is not in any way a fee or assessment by Anne Arundel County.

If a Seller subject to this section fails to comply with the provisions of this section:

- (1) **Prior to Settlement, the Purchaser shall have the right to rescind the contract and to receive a full refund of all deposits paid on account of the contract, but the right of rescission shall terminate five days after the Seller provides to the Purchaser written notice in compliance with this section;**
- (2) **following settlement, the Seller shall be liable to the Purchaser for the full amount of any open lien or assessment.**

Owner(s) agree to indemnify and hold harmless the Listing and Selling Brokers and their agents and employees for any losses or damages resulting from any act or omission by any party as a result of the provisions contained in this Addendum to Listing Contract.

All other terms and conditions of the Listing Contract remain in full force and effect.

Owner: [Signature]
 Owner: _____

Date: 5/20/11
 Date: _____



State of Maryland
Real Estate Commission

Understanding Whom Real Estate Agents Represent

At the Time of the First Scheduled Face to Face Contact with You, the Real Estate Licensee Who is Assisting You is Required by Law to Provide this Notice to You. This Notice is Not a Contract or Agreement and Creates No Obligation on Your Part.

Before you decide to sell or buy or rent a home you need to consider the following information

In this form "seller" includes "landlord"; "buyer" includes "tenant"; and "purchase" or "sale" includes "lease"

Agents Who Represent the Seller

Seller's Agent: A seller's agent works for the real estate company that lists and markets the property for the sellers and exclusively represents the sellers. That means that the Seller's agent may assist the buyer in purchasing the property, but his or her duty of loyalty is only to the sellers.

Cooperating Agent: A cooperating agent works for a real estate company different from the company for which the seller's agent works. The cooperating agent can assist a buyer in purchasing a property, but his or her duty of loyalty is only to the sellers.

If you are viewing a property listed by the company with whom the agent accompanying you is affiliated, and you have not signed a "Consent for Dual Agency" form, that agent is representing the seller

Agents Who Represent the Buyer

Presumed Buyer's Agent (no written agreement): When a person goes to a real estate agent for assistance in finding a home to purchase, the agent is presumed to be representing the buyer and can show the buyer properties that are *NOT* listed by the agent's real estate company. A presumed buyer's agent may *not* make or prepare an offer or negotiate a sale for the buyer. The buyer does *not* have an obligation to pay anything to the presumed agent.

If for any reason the buyer does not want the agent to represent him or her as a presumed agent, either *initially* or *at any time*, the buyer can decline or terminate a presumed agency relationship simply by saying so.

Buyer's Agent (by written agreement): A buyer may enter into a written contract with a real estate agent which provides that the agent will represent the buyer in locating a property to buy. The agent is then known as the buyer's agent. That agent assists the buyer in evaluating properties and preparing offers, and negotiates in the best interests of the buyer. The agent's fee is paid according to the written agreement between the agent and the buyer. If you as a buyer wish to have an agent represent you, you must enter into a written buyer agency agreement before a contract offer can be prepared.

Dual Agents

The possibility of **dual agency** arises when the buyer's agent and the seller's agent both work for the same real estate company, and the buyer is interested in property listed by that company. The real estate broker or the broker's designee, is called the "dual agent." Dual agents do not act exclusively in the interests of either the seller or buyer, and therefore cannot give undivided loyalty to either party. There may be a conflict of interest because the interests of the seller and buyer may be different or adverse.

If both seller and buyer agree to dual agency by signing a Consent For Dual Agency form, then the "dual agent" (the broker or the broker's designee) will assign one agent to represent the seller (the seller's "intra-company agent") and another agent to represent the buyer (the buyer's "intra-company agent"). Intra-company agents may provide the same services to their clients as exclusive seller's or buyer's agents, including advising their clients as to price and negotiation strategy, provided the clients have both consented to be represented by dual agency.

If either party does not agree to dual agency, the real estate company must withdraw the agency agreement for that particular property with either the buyer or seller, or both. If the seller's agreement is terminated, the seller must then either represent him or herself or arrange to be represented by an agent from another real estate company. If the buyer's agreement is terminated, the buyer may choose to enter into a written buyer agency agreement with an agent from a different company. Alternatively, the buyer may choose not to be represented by an agent of his or her own but simply to receive assistance from the seller's agent, from another agent in that company, or from a cooperating agent from another company.

No matter what type of agent you choose to work with, you have the following rights and responsibilities in selling or buying property:

>Real estate agents are obligated by law to treat all parties to a real estate transaction honestly and fairly. They must exercise reasonable care and diligence and maintain the confidentiality of clients. They must not discriminate in the offering of properties; they must promptly present each written offer or counteroffer to the other party; and they must answer questions truthfully.

>Real estate agents must disclose all material facts that they know or should know relating to a property. An agent's duty to maintain confidentiality does not apply to the disclosure of material facts about a property.

>All agreements with real estate brokers and agents should be in writing and should explain the duties and obligations of both the broker and the agent. The agreement should explain how the broker and agent will be paid and any fee-sharing agreements with other brokers and agents.

>You have the responsibility to protect your own interests. You should carefully read all agreements to make sure they accurately reflect your understanding. A real estate agent is qualified to advise you on real estate matters only. If you need legal or tax advice, it is your responsibility to consult a licensed attorney or accountant.

Any complaints about a real estate agent may be filed with the Real Estate Commission at 500 North Calvert Street, Baltimore, MD 21202. (410) 230-6206.

We, the Sellers/Landlord Buyers/Tenants acknowledge receipt of a copy of this disclosure and that _____ CHAMPION REALTY _____ (firm name) and _____ Dori Savani _____ (salesperson) are working as:

(You may check more than one box but not more than two)

- seller/landlord's agent
- cooperating agent (representing seller/landlord)
- buyer's /tenant's agent
- intra-company agent/dual agent (CHECK BOX ONLY IF CONSENT FOR DUAL AGENCY FORM HAS BEEN SIGNED)

1/30/12 _____ Signature _____
(Date) (Date) Signature

* * * * *

I certify that on this date I made the required agency disclosure to the individuals identified below and they were **unable or unwilling** to acknowledge receipt of a copy of this disclosure statement

Name of Individual to whom disclosure made Name of Individual to whom disclosure made

Agent's Signature (Date)



State of Maryland
Real Estate Commission

Consent for Dual Agency

(In this form, the word "seller" includes "landlord"; "buyer" includes "tenant"; and "purchase" or "sale" includes "lease")

When Dual Agency May Occur

The possibility of Dual Agency arises when:

- 1) The buyer is interested in a property listed by a real estate broker; and
- 2) The seller's agent and the buyer's agent are affiliated with the same real estate broker.

Important Considerations Before Making a Decision About Dual Agency

A broker acting as a dual agent does not exclusively represent either the seller or buyer; there may be a conflict of interest because the interests of the seller and buyer may be different or adverse. As a dual agent, the real estate broker does not owe undivided loyalty to either the seller or buyer.

Before the buyer and seller can proceed to be represented by a broker acting as a dual agent, they must both sign Consent for Dual Agency. If the buyer has previously signed Consent for Dual Agency, the buyer must **affirm** the buyer's consent for the purchase of a particular property before an offer to purchase is presented to the seller. If the seller has previously signed Consent for Dual Agency, the seller must **affirm** the seller's consent for the sale of the property to a particular buyer before accepting an offer to purchase the property. The **affirmation** is contained on Page 2 of this form.

Your Choices Concerning Dual Agency

In a possible dual agency situation, the buyer and seller have the following options:

1. **Consent in writing to dual agency.** If all parties consent in writing, the real estate broker or the broker's designee (the "dual agent") will assign one real estate agent affiliated with the broker to represent the seller (the seller's "intra-company agent") and another agent affiliated with the broker to represent the buyer (the buyer's "intra-company agent"). Intra-company agents may provide the same services to their clients as an exclusive seller's or buyer's agent, including advising their clients as to price and negotiation strategy.
2. **Refuse to consent to dual agency.** If either party refuses to consent in writing to dual agency, the real estate broker must terminate the brokerage relationship for that particular property with the buyer, the seller, or both. If the seller's agreement is terminated, the seller must then either represent him or herself or arrange to be represented by another real estate company. If the buyer's agreement is terminated, the buyer may choose not to be represented by an agent of his or her own but simply to receive assistance from the seller's agent, from another agent in that company, or from a cooperating agent from another company. Alternatively, the buyer may choose to enter into a written buyer agency agreement with a different company.

Duties of a Dual Agent and Intra-Company Agent

Like other agents, unless the client gives consent to disclose the information, dual agents and intra-company agents must keep confidential information about a client's bargaining position or motivations. For example, without written consent of the client, a dual agent or intra-company agent may not disclose to the other party, or the other party's agent:

- 1) Anything the client asks to be kept confidential; *
- 2) That the seller would accept a lower price or other terms;
- 3) That the buyer would accept a higher price or other terms;
- 4) The reasons why a party wants to sell or buy, or that a party needs to sell or buy quickly; or
- 5) Anything that relates to the negotiating strategy of a party.

* **Dual agents and intra-company agents must disclose material facts about a property to all parties.**

How Dual Agents Are Paid

Only the broker receives compensation on the sale of a property listed by that broker.

If a financial bonus is offered to an agent who sells property that is listed with his/her broker, this fact must be disclosed in writing to both the buyer and seller.

Consent for Dual Agency

I have read the above information, and I understand the terms of the dual agency. I understand that I do not have to consent to a dual agency and that if I **refuse** to consent, there will not be a dual agency; and that I may withdraw the consent at any time upon notice to the dual agent. I hereby **consent** to have

CHAMPION REALTY

(Firm Name)

act as a Dual Agent for me as the

Seller in the sale of the property at:

230 Asbury Rd Pasadena, MD 21122

Buyer in the purchase of a property listed for sale with the above-referenced broker.

[Signature] 5/20/11
Signature Date

Signature Date

AFFIRMATION OF PRIOR CONSENT TO DUAL AGENCY

- The undersigned **Buyer(s)** hereby affirm(s) consent to dual agency for the following property:

230 Asbury Rd

Property Address

Signature

Date

Signature

Date

- The undersigned **Seller(s)** hereby affirm(s) consent to dual agency for the Buyer(s) identified below:

Name(s) of Buyer(s)

Signature

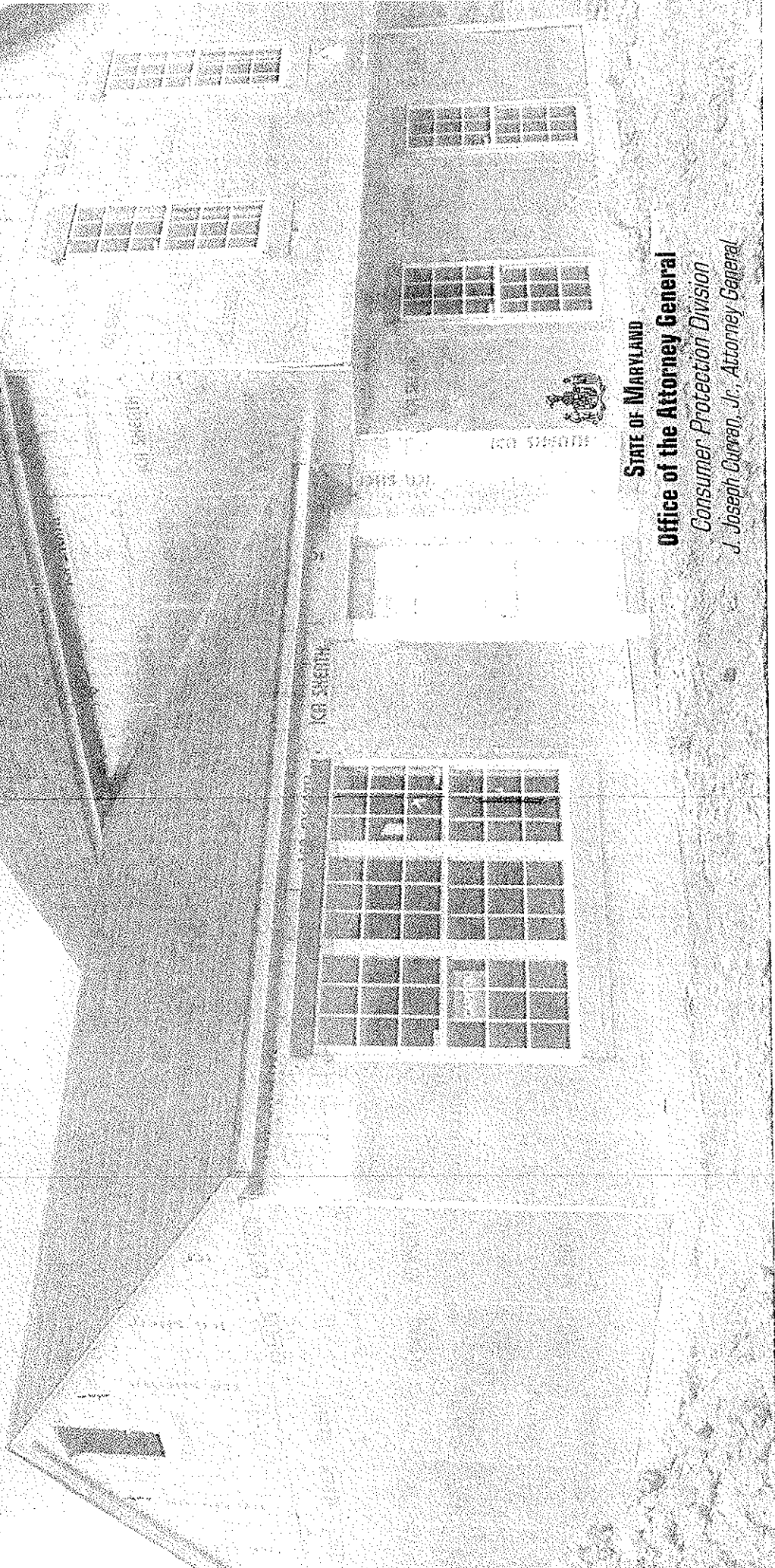
Date

Signature

Date

BUYING A NEW HOME

**Consumer Rights and Remedies
Under Maryland Law**



STATE OF MARYLAND

Office of the Attorney General

Consumer Protection Division

J. Joseph Curran, Jr., Attorney General



Maryland Attorney General's Office
Consumer Protection Division

Marylanders purchase more than 10,000 new homes each year. The purchase of a new home is protected by Maryland law. Understanding your rights and responsibilities as a new home buyer protects your investment and can make the process of buying a new home go more smoothly. This brochure explains the most important things you should know about your new home contract, your deposit and other payments, and the standards and codes governing quality of construction. It also explains steps you can take to resolve many problems that may occur.

Choosing a Builder.....2
Check a builder's registration status

The Contract.....3
Important provisions to be reviewed

How Your Deposit Is Protected.....7
Escrow accounts, surety bonds and letters of credit

Custom Home Contracts.....8
Deposit protection; draw schedule; waivers of liens

Construction of Your Home.....10
The walk-through; building codes; performance standards;
express and implied warranties; home warranty plans

Resolving Problems.....14
Communicating with the builder; warranty claims;
mediation; arbitration; guaranty fund

Choosing a Builder

Your builder's reputation should be one of your primary considerations. Ask friends who have bought new homes for recommendations. You should interview builders who are likely candidates to build your house. Communication between you and your builder is essential from the beginning, as you will work closely together throughout the construction of your home. Ask builders for references from previous customers and see what those buyers have to say. Ask to review an example of completed work as well as a project underway.

Make sure your builder is registered. All home builders operating in Maryland, except those building exclusively in Montgomery County, are required to be registered with the Home Builder Registration Unit. This Unit is part of the Consumer Protection Division in the Office of the Attorney General. Home builders include installers or retailers of mobile homes and modular homes, but not manufacturers of these homes unless the manufacturers also install the homes.

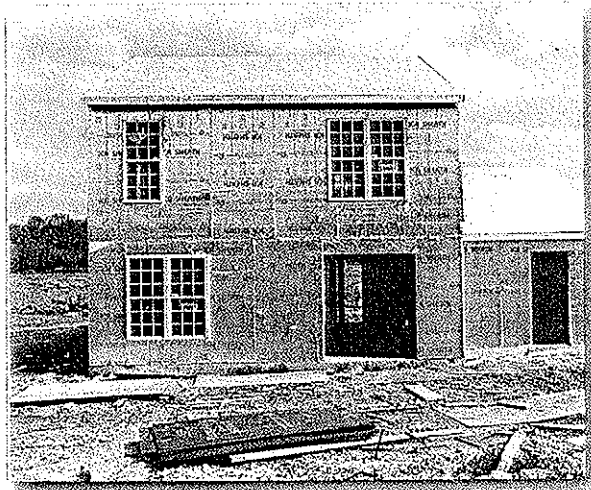
Doing business with a registered home builder will ensure that you are eligible for all protections provided by your contract and by state law, including the protection of the Home Builder Guaranty Fund (see page 16). A home builder registers by simply filling out an application form and paying a fee. However, a builder can have its registration denied, suspended or revoked for a variety of reasons, including if it engages in a pattern of poor workmanship. A builder's sales representatives must also be registered with the Division's Home Builder Unit.

A builder must be registered in order to get building permits and have valid contracts. If a non-registered builder asks you to

apply for a building permit yourself in an attempt to avoid having to register, you could be putting yourself at risk of losing certain rights and remedies. You should never obtain a permit unless you are truly acting as the building contractor.

To find out whether a builder you are considering is registered with the Home Builder Registration Unit, call 410-576-6573 in the Baltimore area or toll-free 1-877-259-4525 from other parts of the state. You can also get this information by visiting www.oag.state.md.us/homebuilder.

Buyers of new homes in Montgomery County should call the Montgomery County Office of Consumer Protection to check whether the home builder is licensed by that county as required: 240-777-3636.



The Contract

After you have selected your builder, you will enter into an Agreement to purchase a home in the form of a contract. A contract that contains all significant details can eliminate many problems. Don't assume anything. Spell out all terms so there can be no misunderstandings later. Whether or not a form contract is used, you can ask the builder to change provisions in the contract

or add provisions you want. Just make sure the changes are put in writing and signed by both you and the builder.

You should thoroughly review the contract before signing it. Ask the builder to carefully go over each item and explain it to you in detail. Consult with an attorney if you need additional help.



Review these items very carefully:

The construction plans and specifications detailing the scope of the work. The house's drawings and specifications should be reviewed carefully. If you are buying a house based on a model you saw, make sure you understand the differ-

ences between the model and what your contract specifies.

The price. The contract should state the price you agreed to pay for the house and describe how the cost for any changes you make to the order later will be determined.

Time of completion. The contract should state when the house will be started, completed and list any conditions which can delay or extend the start and completion.

Default provisions. These provisions state what will happen if either you fail or the builder fails to do what is required by the contract. Many default provisions allow the builder to keep your deposit if you do not go to settlement. As of June 1, 2009, contracts for new homes are contingent upon you obtaining financing, which means you will get your deposit back if you cannot get financing at an agreed-upon interest rate within a certain period of time, unless the contract expressly states that it is not contingent upon financing. Unless you have cash available to make the purchase, you should make certain that the contract is

contingent upon your obtaining financing. You also may wish to have a contingency clause that states that settlement on the new home can be postponed if you have a problem selling your old home or if the builder has not fully completed your new home.

Notice provisions. These tell you how to send official notices to the builder. Make sure you follow these procedures if you ever need to contact the builder about something you are dissatisfied with. In fact, it is a good idea to put all communications with your builder about important issues in writing, even if it is not required in the contract.

Remedies and dispute resolution under the contract. Some contracts require the builder or the buyer to use certain means of resolving their disputes, such as binding arbitration or alternative dispute resolution and prohibiting a buyer from suing the builder in court. Read these clauses carefully to see if they provide a fair, efficient and cost-effective means of resolving disputes. Maryland law prohibits a builder from including a provision that limits the buyer's right to obtain consequential damages if the builder breaches or cancels the contract.

Requirements specific to custom home contracts.

When having a new home built on land you own, you are buying a "custom home" and the contract must include certain specific items. See Custom Home Contracts on page 8.



Other documents accompanying the contract. Federal, state and local laws require that certain disclosures be given to the buyer with the contract. These may pertain to items such as estimated deferred water and sewer charges, homeowner's association rules and fees, disclosures about county master plans, insulation, hazardous materials, FHA and VA financing, and first-time home buyer programs or benefits. Read all of these disclosures as carefully as the contract before signing them or the contract.

Other items that should be in your contract include:

- The builder's registration number.
- Legal description of the building site.
- Terms of payment: deposit, mortgage type.
- A disclosure form that describes the method of deposit protection (see page 7).
- A statement that the builder will comply with all applicable building codes.
- A statement referencing all performance standards and guidelines that will govern construction (see page 11).
- A disclosure concerning warranties and hazardous or regulated materials (see page 12).
- A description of when substitutions in materials can be made.
- A provision detailing the buyer's right to receive this consumer information booklet.

Additional items must be included in custom home contracts, see page 8.

The contract spells out your builder's understanding of what has been agreed upon and his obligation to carry it out. Make sure you and the builder have the same understanding before you sign the contract. **To avoid any misunderstandings, have all details of the transaction that you discussed with your builder, including what will or will not be done, included in the contract.**



How Your Deposit Is Protected

Maryland law requires the home builder to put your deposit in an escrow account, unless the builder has a corporate surety bond or irrevocable letter of credit on file with the State. The builder can only use an escrow account to hold buyers' deposits and, except in custom home construction, may not use deposit money for operating expenses or any other purpose. Other than for a custom home, any money you pay before the house is completed must be kept in the escrow account or be covered by the bond or letter of credit.

The builder is required to give you a disclosure form that tells you whether the builder is protecting your deposit with an escrow account, bond or letter of credit. You should read the form carefully. The amount of the bond or letter of credit is set by law to provide at least partial coverage of the deposits made by the builder's new home buyers. However, this may not provide full coverage for all buyers' deposits. To verify the information about an escrow account, you should call the bank that has the account. To verify a builder's bond or letter of credit, call the Home Builder Registration Unit at 410-576-6573 in Baltimore or toll-free at 1-877-259-4525, or send an e-mail to homebuilder@oag.state.md.us.

The builder must keep your deposit in the escrow account, or maintain the surety bond or letter of credit in effect, until one of three things happens:

- the builder transfers the deed to you at settlement;
- the builder returns the deposit money to you; or
- you default on the contract, and the contract provides that the builder can keep the deposit.

Before you sign the contract, make sure you understand the rules for return of your deposit and what you have to do to avoid losing your deposit.

Custom Home Contracts

Maryland law has additional requirements for custom home contracts. When the buyer pays a builder to build a house on land the buyer already owns, then the contract is for a custom home. Usually the buyer pays the builder a deposit, and then a series of “progress payments” as stated in a “draw schedule” as each stage of the building is completed. The buyer pays the last progress payment after the builder has completed the house and has provided the buyer with the “waivers of liens,” which prove that all of the subcontractors have been paid and will not file a mechanics’ lien on the house. The Custom Home Protection Act applies to this type of housing purchase. The law covers both houses constructed on site and those manufactured elsewhere and installed on site.

Deposits: The Custom Home Protection Act requires that any deposit you pay that is greater than five percent of the total contract price must be held by the builder in an escrow account or be covered by a bond on file with the State. For the greatest protection, you may ask the builder to put the deposit in an individual escrow account that requires both your signature and the builder’s signature for any withdrawal.

A custom home builder may make withdrawals from an escrow account only:

- when returning all or a portion of the money to you;
- when paying subcontractors and suppliers in accordance with the draw schedule;
- if you forfeit the money under the terms of the contract;
or
- as final payment upon your possession of the house.

Draw schedule: A custom home contract is required by law to have a draw schedule, which describes when the builder is entitled to receive progress payments as each stage of the construction is completed. In shopping for a construction loan, check that your bank has adequate procedures to ensure that it does not release progress payments to the builder until the bank has verified that the work has been completed. Some buyers have chosen to require that, in addition to the bank, the buyer or a buyer's representative with building experience has to sign off before a progress payment is made.

Builder's list of payments to subcontractors. Within 30 days after receiving each progress payment, the builder is required by law to provide you with a list of all subcontractors or suppliers who have provided more than \$500 of goods or services to date and indicate which of them have been paid by the builder. You should call the subcontractors and suppliers to verify that they have been paid. If they have not been paid, do not authorize further progress payments to the builder until the builder pays the subcontractors

Waivers of liens. The custom home builder is required by law to provide you with "waivers of liens" from all subcontractors and suppliers within a reasonable time after these subcontractors have provided the goods and services. You should make sure that all subcontractors who have finished their work or provided their goods and services have been paid, and you should obtain the waivers of liens, before authorizing the next progress payment to the builder.

Additionally, a custom home contract must include:

- a statement that all change orders must specify any changes to the contract and the effect on the price of the house.
- a disclosure whether the builder is covered by a warranty program guaranteed by a third party.
- a list of the primary subcontractors who will be working on the home.

The following disclosures must be on a separate page and signed by the buyer:

- a certification that the builder has, or has not, had adverse adjudications or unsatisfied judgments in connection with a custom home contract within the last three years. Any such adjudications or unsatisfied judgments must be listed.
- a disclosure concerning the Buyer's Risk Under Mechanics' Lien Laws.
- a notice concerning the Escrow Account Requirement.

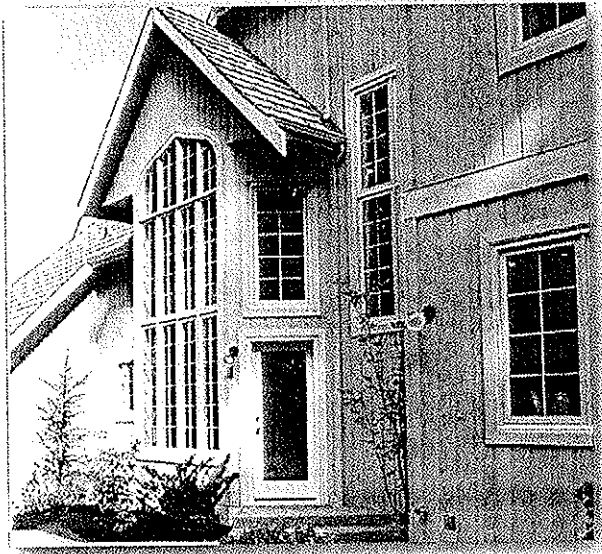
Construction of Your Home

It is your builder's obligation under the contract to build the house according to the specifications set forth in the contract, the building code and applicable performance standards. If you wish to visit the construction site, contact your builder to schedule visits at times that are convenient for you and the builder. If you spot something that concerns you or if you decide to make a minor change, contact the builder as soon as possible, verbally as well as in writing.

Before you go to settlement, you should have a final walk-through inspection of the house to make sure that all work was completed and done properly according to the contract. During the walk-through, you should make a "punch list" of any items that will need to be completed or fixed prior to settlement. Some builders may provide a pre-printed form to record defects and workmanship problems. Other builders may not provide a form, leaving it up to the buyer to prepare and present the punch list. Faced with major work remaining to be done, consumers may ask the builder to set up an escrow account at settlement to hold back part of the purchase price until the work is completed.

Here are the laws and standards that govern construction quality issues:

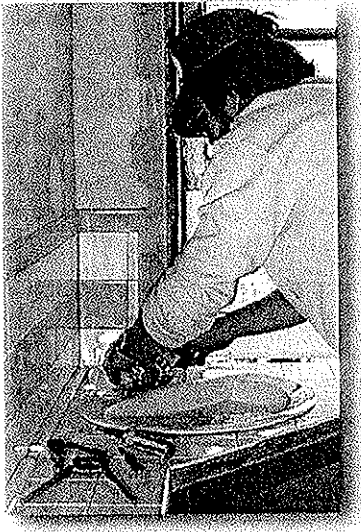
Building codes. All new homes built in Maryland must meet all applicable building codes in effect at the time of the construction of the new home. The specific codes must be referenced in your contract. For more information, contact your county's building code/permits office and the Maryland Department of Housing and Community Development (1-800-756-0119, www.dhcd.state.md.us).



Performance Standards. All contracts in Maryland must also incorporate building performance standards. Performance standards describe acceptable levels of quality and finish and describe what the builder's or homeowner's obligation is to repair any defects. The minimum performance standards in Maryland are those established by the National Association of Home Builders. Your builder may adopt higher standards, and so may your county or city. Along with the applicable building codes, the performance standards will be used in any dispute you have with your builder about whether the construction was done properly.

Construction standards for manufactured/mobile homes. Many new homes sold in Maryland are manufactured homes, also known as mobile homes, that have been built at an offsite factory. The Federal Manufactured Home Construction and Safety Standards establish the standards to which mobile homes must be built. These standards are referred to as the HUD Code, which also sets

performance standards for the heating, plumbing, air conditioning, thermal and electrical systems. Mobile home contracts must reference the HUD Code as the appropriate performance stan-



dards. On-site additions, such as garages, decks and driveways, must meet the standards set by state and local building codes.

Construction standards for industrialized/modular residential use buildings.

Industrialized buildings, also known as modular homes, are manufactured offsite and transported in sections to a building site, where they are assembled and installed by a local builder. Industrialized buildings do not include mobile homes.

The Maryland Department of Housing and Community Development, Codes Administration, adopts and enforces construction standards for industrialized/modular buildings that preempt any construction standards required by local jurisdictions. While local jurisdictions are excluded from enforcing the construction standards for industrialized/modular buildings and mobile homes, local officials continue to play an important role in the regulation of these units by inspecting their installation and all on-site work.

Express and implied warranties. Under Maryland law, any promise that is included in the contract, and any written description of the home (including plans and specifications) that is in the contract creates an **express warranty** that the home will conform to that promise or description. It is not necessary that the words “warranty” or “guarantee” be used. Any sample or model that is part of the basis of the bargain between the buyer and builder creates an express warranty that the home will conform substantially to the sample or model.

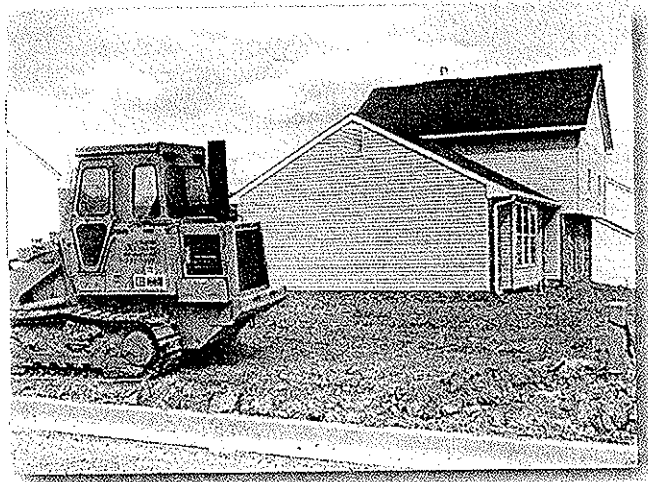
All new residential construction must also comply with **implied**

warranties that the home is free from faulty materials, constructed according to sound engineering standards, constructed in a workmanlike manner and fit for habitation. You may have a legal remedy against a builder who fails to meet these implied warranties.

Unless an express warranty specifies a longer period of time, if the home is complete at the time the deed is delivered to the original purchaser, express and implied warranties cover the entire new home for one year after the date the original purchaser takes possession **or** the deed is delivered, whichever occurs first. If the home has not yet been completed at the time the deed is delivered to the original purchaser, the warranties cover the home for one year after the date the home is completed **or** the original purchaser takes possession, whichever occurs first.

In addition, structural defects are covered for two years from that date of completion, delivery or taking possession, whichever occurs first.

Consider consulting an attorney before agreeing to exclude your express or implied warranty rights in the contract.



Mobile homes built to the HUD Code are covered by the manufacturer's warranty. Refer to the homeowner's manual for the specifics of the warranty. Only the home is covered by the manufacturer's warranty, not any site work done by the builder. Coverage for structural defects caused at the time of manufacture in a home built to the HUD Code does not expire as long as the home is owned by the original purchaser.

Home warranty plans. Your builder may provide you with a written

home warranty plan that is guaranteed by a third party. If your builder does so, Maryland law requires the plan to cover, at minimum:

- any defects in materials or workmanship for one year;
- any defects in the electrical, plumbing, heating, cooling and ventilating systems for two years (not to exceed the period of the manufacturer's warranty); and
- defects to any load-bearing structural elements for five years.

If your builder offers you such a warranty, you should call the third-party warranty company to verify that your builder is in good standing with them and has registered your house for warranty protection. Your builder is required to provide the details, terms and conditions of the warranty at the time of purchase or signing of the construction contract. At settlement, make sure that your builder has paid the warranty company for the coverage. Read the warranty carefully. It may contain many exclusions or limitations on your right to recover, and may contain strict rules on how you have to proceed to make a claim. You may be entitled to waive third-party warranty coverage if the builder belongs to a warranty plan that does not require coverage for every home the builder sells. Before you waive coverage, the builder must inform you in writing of the cost, nature and extent of the warranty coverage that will be provided if not waived. You also have the right to rescind the waiver within three days of the contract. Without a home warranty or other express warranty described on page 12, you may have only a limited implied warranty as provided by law.

Resolving Problems

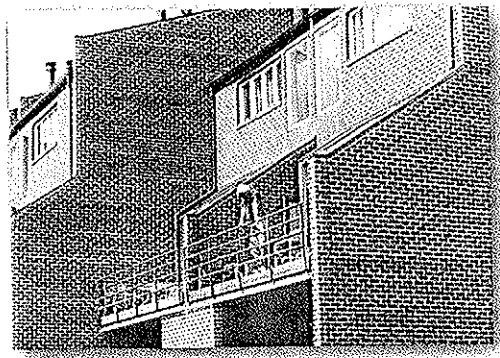
If you have any problem with how your builder is performing, you should **contact the builder**. It is best to put your problem in writing and mail or deliver it to the builder. Keep a copy of all correspondence and a written log of all contact with the builder

and the builder's response. Your best chance of resolving problems is to catch them early and try to work them out with the builder. Also, **review your contract**. It may provide a method to resolve your dispute.

You may be able to **file a claim under your home warranty plan** if the builder has provided that coverage. Be sure to read the policy carefully, follow the rules for filing a claim and file your claim in a timely manner. Make certain that you notify the warranty company before the claims period expires of any defects that have not been repaired by your builder. The notice should be sent to the warranty company by certified mail, return receipt requested.

If you cannot resolve the problem with your builder, you can call the Consumer Protection Division's **Mediation Unit**:

- 410-528-8662 in Baltimore.
- 301-791-4780 in Hagerstown.
- 410-713-3620 in Salisbury.
- 301-274-4620 in Southern Maryland/
Hughesville
(toll-free 1-866-366-8343).
- 1-888-743-0023 toll-free elsewhere in the state.



You may also file a complaint at www.oag.state.md.us. The Mediation Unit will attempt to resolve the dispute through mediation with the builder.

If the Mediation Unit is unable to resolve the problem through mediation, the dispute can be submitted to the Division's **Arbitration Unit**, if both you and your builder agree to that. There is no fee for this Unit to arbitrate your dispute. The arbitrator will

usually conduct the hearing at the house so that both you and the builder can explain and show the parts of the new home that may have problems. After the hearing the arbitrator will issue a written decision that will be binding on both you and the builder.

For contracts entered into with a registered builder beginning January 1, 2009, you may be eligible to file a claim with the Division's Home Builder Guaranty Fund. The Guaranty Fund may compensate you for actual losses up to \$50,000 based on incomplete construction, breach of warranty, failure to meet standards or guidelines, or deposits that a builder fails to return. To initiate a claim against the Guaranty Fund, you must file a complaint with the Mediation Unit and already have provided the builder with a chance to address any problems. If you have a Home Warranty Plan, you may be required to first file a claim with the plan. If your contract contains an arbitration clause, you may be required to have your claim arbitrated first if you and the builder agree upon an arbitrator.

If you are having problems with a **mobile home or an industrialized/modular residential building**, you should provide a written list of those problems to the retailer, manufacturer and installer. If your home is not repaired in a reasonable time period, or if the responsible party refuses to make repairs, you should contact the local building officials for required repairs related to work performed at the site. For required repairs related to work performed at the manufacturing facility, you should contact:

**Maryland Codes Administration of the Department of
Housing and Community Development**

100 Community Place
Crownsville, MD 21032-2023
410-514-7220 (office)
410-987-8902 (fax)

You should provide all the information related to required repairs and the following information: your name, address, city, state, home phone number, work phone number, e-mail address if applicable, your home label and serial number(s) and the manufacturer's and retailer's names and phone numbers.