

# MARYLAND HOMEOWNERS ASSOCIATION ACT (MHAA)

## ADDENDUM TO

### “AGREEMENT OF SALE” and/or “RE-SALE CONTRACT”

## NOTICE TO PURCHASER:

Special Provisions are attached to, and hereby made a part of the *Sales Agreement* and/or the *Re-Sale Contract*, dated \_\_\_\_\_, on Lot \_\_\_\_\_, in Block/Section \_\_\_\_\_, Subdivision **ORCHARD KNOLLS**, Located at \_\_\_\_\_, North Potomac, Montgomery County, State of Maryland, by and between the seller, \_\_\_\_\_ hereinafter referred to as “Seller”, and the purchaser, \_\_\_\_\_ hereinafter referred to as “Purchaser”.

This sale is subject to the requirements of the Maryland Homeowners Association Act, (The “Act”). The act requires that the seller disclose to you, at or before the time the contract is entered into, or within seven (7) calendar days of entering into the contract, certain information concerning the development in which the lot you are purchasing is located.

The content of the information to be disclosed is set forth in section 11b-105(b) of The Act as follows:

The vendor shall provide the purchaser the following information, in writing:

1. a. The name, principal address and telephone number of the vendor and of the declarant, if the declarant is not the vendor; or

b. If the vendor is a corporation, or partnership, the names and addresses of the principal officers of the corporation, or general partners of the partnership.

2. a. The name, if any, of the homeowner association; and

b. If incorporated, the state in which the homeowner association is incorporated and the name of the Maryland Resident Agent;

3. A description of:

a. The location and size of the development, including the minimum and maximum number of lots currently planned or permitted, if applicable, which may be contained with the development: and

b. Any property owned by the declarant or the vendor, contiguous to the development, which is to be dedicated to public use;

4. If the development is, or will be within, or a part of another development, a general description of the other development;

5. If the declarant has reserved in the declaration, the right to annex additional property to the development, a description of the size and location of the additional property and the approximate number of lots currently planned to be contained in the development, as well as any time limits within which the declarant may annex such property:

6. A copy of:

a. The Articles of Incorporation, the Declaration and all recorded Covenants and restrictions of the primary development, and of other related developments, to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable: and

b. The By-Laws and rules of the primary development and of other related developments, to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable;

7. A description or statement of any property which is currently planned to be owned, leased or maintained by the homeowners association:

8. A copy of the estimated proposed or actual annual budget for the homeowners association for the current fiscal year, including a description of the replacement reserves for common area improvements, if any, and a copy of the current projected budget for the homeowners association, based upon the development, fully expanded, in accordance with the expansion rights contained in the declaration;

9. A statement of current or anticipated mandatory fees or assessments to be paid by owners of lots within the development for the use, maintenance and operation of common areas and for other purposes related to the homeowners Association and whether the declarant or vendor will be obligated to pay the fees, in whole or in part;

10. Other:

a. A brief description of zoning and other land use requirements affecting the development, or

b. A written disclosure of where the information is available for inspection;

11. A statement regarding:

- a. When mandatory homeowners association fees or, assessments will first be levied against owners of lots;
- b. the procedure for increasing or decreasing such fees or assessments;
- c. How fees or assessments and delinquent charges will be collected;
- d. Whether unpaid fees or assessments are a personal obligation of owners;
- e. Whether unpaid fees or assessments bear interest. if so, rate of interest;
- f. Whether unpaid fees or assessments may be enforced by imposing a lien on a lot under the terms of the Maryland Contract Lien Act; and
- g. Whether lot owners will be assessed late charges or attorneys' fees for collecting unpaid fees or assessments and any other consequences for the nonpayment of the fees or assessments.

12. If any sums of money are to be collected at settlement for contribution to the homeowners association, other than prorated fees or assessments, a statement of the amount to be collected, and the intended use of such funds; and

13. A description of special rights or exemptions reserved by or for the benefit of the declarant or the vendor including:

- a. The right to conduct construction activities within the development;
- b. The right to pay a reduced homeowners association fee or assessment; and
- c. exemptions from use restrictions or architectural control provisions contained in the declaration or provision by which the declarant or the vendor intends to maintain control over the homeowners association.

***If you have not received all of the MHAA information five (5) calendar days, or more, before entering into the contract, you have five (5) calendar days to cancel this contract after receiving all the MHAA information. You must cancel the contract, in writing but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding ten percent (10%) of the amount previously stated to exist and copies of the other substantial and material amendment to the information provided to you. You have (3) calendar days to cancel this contract, after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendment to the MHAA information which adversely affects you. If you do cancel the contract, you will be entitled to a refund of any deposit you made on account of the contract. However unless you return the***

**MHAA information to the seller, when you cancel the contract, the seller may keep, out of your deposit, the cost of reproducing the MHAA information or one hundred dollars (\$100.00) which ever amount is less.**

**By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:**

- a. Architectural changes, design, color, landscaping or appearance;**
- b. Occupancy density;**
- c. Kind, number or use of vehicles;**
- d. Renting, leasing, mortgaging or conveying property;**
- e. Commercial activity; or**
- f. Other matters.**

**You should review MHAA information, carefully to ascertain your rights, responsibilities and obligations within the development.**

**Seller** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Seller** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Purchaser:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Purchaser:** \_\_\_\_\_ **Date:** \_\_\_\_\_