

(3) Within 60 days from the warranty date, the builder's new home warranty security plan shall provide the owner with validated new home warranty documents.

(f) A new home warranty shall benefit any successor in title to the owner who occupies the home for residential purposes during the warranty period.

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(a) A new home warranty security plan shall:

(1) Provide for the payment of claims against a builder for defects warranted under this subtitle;

(2) Be operated by a corporation, partnership, or other legal entity authorized to do business in Maryland;

(3) Demonstrate to the [Secretary] DIVISION that the plan will maintain financial security to cover the total number of claims that the plan reasonably anticipates will be filed against participating builders;

(4) File with the [Secretary] DIVISION a surety bond or an irrevocable letter of credit from a federally insured financial institution in an amount set by the [Secretary] DIVISION, but not less than \$100,000, for the benefit of owners injured by the failure of the new home warranty security plan to pay claims as required under this subtitle;

(5) Provide within the new home warranty documents the performance standards that describe the builder's obligations for defects warranted under this subtitle;

(6) Provide for the mediation of disputes between an owner and a builder before a claim will be paid by the builder's new home warranty security plan; and

(7) Meet any other requirements determined by the [Secretary] DIVISION and be approved by the [Secretary] DIVISION.

(b) (1) The [Secretary] DIVISION may revoke or suspend approval for a new home warranty security plan if the [Secretary] DIVISION determines that the plan:

(i) Is unable to meet its obligations under a new home warranty; or

(ii) Is administered in a manner that denies owners the warranty coverage required under this subtitle.

(2) Except for new homes that were registered in the new home warranty security plan prior to the revocation or suspension and for which a purchase or construction contract has been executed, during the time period that approval for a new home warranty security plan is revoked or suspended by the [Secretary] DIVISION, the new home warranty security plan may not provide warranty coverage for any new homes built in Maryland.