

10-205. Conveyance to intermediate vendee to evade liability.

In the event that a seller conveys an improvement to an intermediate vendee for the purpose of evading liabilities to users and buyers imposed by this subtitle, the seller shall be liable upon the subsequent sale of the improvement by the intermediate vendee as if the subsequent sale had been effectuated by the seller without regard to the intervening conveyance.

*Subtitle 3. Deposits on New Homes**10-301. Surety bond or escrow account to be maintained by seller receiving deposit.*

(a) Whenever, in connection with the sale and purchase of a new single family residential unit located in this State, which unit shall not have been completed at the time of contracting the sale, the seller or builder shall obligate the purchaser to pay and shall receive from the purchaser any sum of money prior to completion of the residential unit and conveyance of the realty to the purchaser, the builder or seller shall either:

(1) Deposit or hold such sum of money in an escrow account segregated from all other funds of said seller or builder to be held to assure the return of the sum of money to the purchaser in the event the purchaser shall become entitled to a return of such sum of money; or

(2) Obtain and maintain a corporate surety bond in the form and in the amounts set forth in subsection (b) hereof conditioned upon the return of such sum of money to the purchaser in the event the purchaser shall become entitled to the return of such sum of money.

The escrow account or surety bond shall be maintained by such seller or builder until the happening of the earlier of (1) the conveyancing of a deed to the realty upon which the residential unit is situated, to the purchaser, his heirs or assigns; or (2) the return of the sum of money to the purchaser, his heirs or assigns; or (3) the forfeiture of the sum of money by the purchaser, his heirs, or assigns, under the terms of the contract of sale relating to the purchase of the residential unit.

(b) The corporate surety bond allowed to be obtained pursuant to the provisions of subsection (a) hereof shall be in a form approved by the State Insurance Department and shall be payable to the State of Maryland for the use and benefit of all persons protected by the provisions of this subtitle and shall be deposited by each seller or builder with the State Insurance Department. Such corporate surety bonds may be either in the form of individual bonds for each deposit accepted by a seller or builder, or where the total amount of money and all deposits accepted by such builder or seller shall exceed the sum of \$10,000 may be in the form of a blanket bond assuring the return of the deposits received by said seller or builder. Where the bond shall be a blanket bond, the penalty of the bond shall be in accordance with the following schedule:

<i>Total Amount of Deposits Held</i>	<i>Penalty of Bond</i>
<i>1. \$10,000 to \$75,000</i>	<i>Full Amount of Deposits Held</i>
<i>2. \$75,000 to \$200,000</i>	<i>\$75,000</i>
<i>3. \$200,000 to \$500,000</i>	<i>\$200,000</i>
<i>4. Over \$500,000</i>	<i>\$500,000</i>