

the builder in order to assure that the advance payment in the escrow account can be returned to the buyer if the buyer becomes entitled to the return of the advance payment. However, a builder may place advance payments received in connection with more than one home into a single escrow account.

(3) If the advance payment under paragraph (1) of this subsection is made in the form of a check or draft, a custom home builder may accept the advance payment only in the name of the escrow account.

(4) If consideration received under the contract in advance of the completion of the labor or the receipt of materials for which the consideration is paid does not total in excess of 5 percent of the contract price, that consideration need not be placed in an escrow account under paragraph (1) of this subsection.

(b) A custom home builder may make withdrawals from an escrow account established in compliance with subsection (a)(1) of this section solely for the purpose of:

(1) Returning all or a portion of the sum of money to the buyer;

(2) Paying documented claims of persons who have furnished labor or material, including fuel, in connection with the custom home contract for which the funds were advanced;

(3) Paying a sum of money to the custom home builder if the buyer forfeits the sum under the terms of the contract of sale; or

(4) Final payment upon the issuance of an occupancy permit or possession.

(c) In lieu of the escrow account required under subsection (a) of this section, a custom home builder may establish and maintain a separate escrow account for each custom home contract for which he receives consideration that he would be required to place into escrow under subsection (a). Each individual escrow account shall require the signature of both the buyer and the custom home builder for any withdrawal. Deposits and withdrawals to and from this account shall be governed by the requirements of subsections (a) and (b) of this section.

(d) (1) In lieu of the escrow accounts required under subsection (a) or (c) of this section, a custom home builder may obtain and maintain a corporate surety bond in the form and in the amounts required of a vendor or builder under § 10-302 of this title.