

TITLE 2: NATURAL RESOURCES
DIVISION 6: UNIFORM CONDOMINIUM ACT

§ 6408. Escrow of Deposits: Conveyance of Uncompleted Units.

(a) Any deposit made in connection with the purchase or reservation of a unit from a declaration shall be placed in escrow and held in this Commonwealth in an account designated solely for that purpose by a title insurance company licensed in this Commonwealth, an independent bonded escrow company or an institution whose accounts are insured by a governmental agency or instrumentality until:

- (1) Delivered to the declaration at closing;
- (2) Delivered to the declarant because of purchaser's default under a contract to purchase the unit;
- (3) Utilized for the construction of the condominium; or
- (4) Refunded to the purchaser.

(b) If a declarant files a declaration or proposed declaration, or an amendment or proposed amendment to a declaration, describing units that are located in buildings not substantially completed in the manner required by 2 CMC § 6201(b), the declarant shall make available to each purchaser not later than the conveyance of a unit, the following information;

- (1) A verified statement showing all costs involved in completing the condominium;
- (2) A verified estimate of the time of completion of construction of the condominium;
- (3) Evidence of sufficient funds to cover all costs to complete the condominium;
- (4) A copy of the executed construction contract and any other contracts for the completion of the condominium;
- (5) A 100 percent payment and performance bond covering the entire cost of construction of the condominium;
- (6) If purchasers' funds are to be utilized for the construction of the condominium, an executed copy of the escrow agreement with an escrow company or financial institution authorized to do business within the Commonwealth which provides that:

(A) Disbursements of purchasers' funds may be made from time to time to pay for construction of the condominium, architectural, engineering, finance, and legal fees, and other costs for the completion of the condominium in proportion to the value of the work completed by the contractor as certified by an independent architect or engineer, on bills submitted and approved by the lender of construction funds or the escrow agent; and

(B) Disbursement of the balance of purchasers' funds remaining after completion of the condominium shall be made only when the escrow agent or lender receives satisfactory evidence that the period for filing mechanic's or materialman's liens has expired, or that the right to claim those liens has been waived, or that adequate provision has been made for satisfaction of any claimed mechanic's or materialman's lien.

Source: PL 3-86, § 4-108.