

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 605 (Delegate Frank, *et al.*)  
Economic Matters

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**Real Property - Common Interest Developments - Dispute Resolution**

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This bill creates an alternative to litigation for resolving disputes between “associations” (a council of unit owners of a condominium, a cooperative housing corporation, or a homeowners’ association) and developers with regard to defects in the design or construction of a “common interest development.” The bill specifies the requirements for an association to bring an action against a developer, and discusses the conditions under which a settlement may be reached. If a settlement agreement between the association and the developer is not reached, either party may request nonbinding mediation of the dispute to the American Arbitration Association or any other mediation organization agreed to by both parties.

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**Fiscal Summary**

**State Effect:** Any decrease in the Judiciary’s caseload resulting from a decreased number of complaints requiring court action is not expected to materially affect the Judiciary’s finances. Assuming that fewer than 50 complaints per year stem from this bill, there would also be no effect on the Attorney General’s Consumer Protection Division.

**Local Effect:** None.

**Small Business Effect:** Minimal impact on small businesses as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** Under this bill, disputes between associations and developers regarding common interest developments could be solved through mediation. This bill could positively affect these associations and developers by providing a less costly alternative for litigating disputes.

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**Information Sources:** Judiciary (Administrative Office of the Courts), Secretary of State,

Department of Fiscal Services

**Fiscal Note History:** First Reader - February 17, 1997

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Analysis by: Ryan Bishop

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710