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February 4, 2020

To: The Honorable Kumar Barve  
Chair, Environment and Transportation Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: House Bill 240 – Homeowners Associations – Number of Declarant Votes (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 240 submitted by Delegate Marvin E. Holmes, Jr. This bill addresses a statute passed in the last legislative session to alter the number of votes to which a developer is entitled when voting on matters before a Homeowners Association.

Governing documents are written by developers. Currently, the Homeowners Association statute provides that a developer may dictate the number of votes to which it is entitled in the governing documents, which allows a developer to control the number of votes held by the developer until *all* the lots that may be part of the development are subdivided and recorded. After that time, the developer will be entitled to one vote per subdivided and recorded lot. Accordingly, the law allows a developer to transfer control of an association to the members, but still retain voting control merely by giving itself a large enough number of votes per unit in the governing documents.

This bill would allow the homeowners to take responsibility for the development in which they live sooner by amending the time the developer is limited to one vote per unit to begin as soon as the developer begins subdividing and recording units. This ensures that once a developer transfers control, it cannot maintain more votes than the association members and prevent associations from taking actions in the best interest of its members.

For these reasons, we ask that the Environment and Transportation Committee return a favorable report on this bill.

cc: The Honorable Marvin E. Holmes, Jr.  
Members, Environment and Transportation Committee