

January 13, 2022

The Honorable Kumar Barve
Chairman, House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen Street
Annapolis, MD 21401

RE: Support of House Bill 140 (Real Property - Condominiums and Homeowners Associations - Governing Bodies) with Amendment

Dear Chairman Barve:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, support House Bill 140 (Real Property - Condominiums and Homeowners Associations - Governing Bodies) with Amendments.

In concept, we do not disagree with much of the content of this bill. However, there needs to be some clarifying language specifically with regards to sections of the bill that calls for “Units representing 25% of the votes in the condominium”. Again, we do not have an issue with the concept that a homeowner should be appointed to the board upon the conveyance of 25% of the units to homeowners but do think it needs to be drafted differently as it can be interpreted in different ways. Otherwise it is unclear whether the 25% applies to the whole community and the number of units that may ultimately be annexed or whether it applies only after the entire community has been expanded to include all phases, in which case, transition of the board may have already occurred. Later in the bill on page 11 line 1-7 the language “currently subdivided” is somewhat contradicted later in that section. While the intent appears that this provision would apply only after 25% of the number of units that may ultimately be annexed only after the entire community has been expanded to include all phases (which is what MBIA would support), the use of “currently subdivided” beforehand, appears to limit the scenario to a much earlier time during the development process. By removing “currently subdivided”, this contradiction is eliminated.

Additionally, we have significant concerns with the language regarding bonding (page 6, section IV). The bonds that are posted are between the developer and the jurisdiction. The homeowners have no claim to the bonds, nor are bonds generally posted by the developer to cover the completion of common elements of the condominiums or community/association owned property. This language mixes the obligations to the jurisdiction with obligations to the Association. Providing the contact information is an invitation for anyone to interfere with and hold up the release of bonds that may be unrelated to issues with the Association.

For these reasons, MBIA looks forward to working with the sponsor of the bill to clarify the intent and support the bill.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: House Environment and Transportation Committee Members