

**MBIA Letter of Support SB 894.pdf**

Uploaded by: Lori Graf

Position: FAV

March 20, 2023

The Honorable William C. Smith Jr.  
Senate Judicial Proceedings Committee  
Miller Senate Office Building,  
2 East Wing 11 Bladen St.,  
Annapolis, MD, 21401

**RE: Letter of Support SB0894 Task Force on Common Ownership Communities**

Dear Chairman Smith:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB0894 Task Force on Common Ownership Communities**. MBIA **Supports** the Act in its current version.

This bill establishes the Task Force on Common Ownership Communities; and requires the Task Force to submit a report of findings and recommendations on or before December 31, 2024. MBIA supports the establishment of this task force. We are currently apart of the task force and we believe it is beneficial to our communities. Our stakeholders need to have a large conversation about the future of HOA's and condos and how they are run. The task force will allow our elected officials and leaders of common ownership communities to be together in the same room discussing the important issues that face our communities and ultimately change things for the better.

For these reasons, MBIA respectfully requests the Committee adopt the proposed amendment and give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Judicial Proceedings Committee

# **SB894 Sponsor Testimony.pdf**

Uploaded by: Senator Nancy King

Position: FAV

NANCY J. KING  
*Legislative District 39*  
Montgomery County

MAJORITY LEADER

Budget and Taxation Committee

*Chair*  
Education, Business and  
Administration Subcommittee



James Senate Office Building  
11 Bladen Street, Room 120  
Annapolis, Maryland 21401  
301-858-3686 · 410-841-3686  
800-492-7122 Ext. 3686  
Fax 301-858-3670 · 410-841-3670  
Nancy.King@senate.state.md.us

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**SPONSOR STATEMENT**

**Senate Bill 894 – Task Force on Common Ownership Communities**

March 21, 2023

Mister Chairman and Members of the Judicial Proceedings Committee:

In 2006 a task force was established to study the needs of Common Ownership Communities. Since that time there have been numerous laws passed to assist Common Ownership communities, but the complexities of the needs of these communities continues to grow.

Senator Bill 894 will create the Task Force on Common Ownership Communities and require the task force to look at several issues facing these communities as well as taking a fresh look at current practices and how they are impacting the communities.

In the seventeen years since the last task force was convened, there have been many new communities developed and many new issues reported. This legislation will allow the legislature to assess and examine the myriad issues related to running Common Ownership Communities and so I respectfully request a favorable report on Senate Bill 894.

# **SB 894 - Condo Task Force - FWA - REALTORS.pdf**

Uploaded by: Lisa May

Position: FWA



## **Senate Bill 894 – Task Force on Common Ownership Communities**

### **Position: Support with Amendment**

Maryland REALTORS® strongly supports SB 894, to create a Task Force to examine issues surrounding Common Ownership Communities.

As SB 894 describes, real estate transactions can be greatly impacted by the operations of Common Ownership Communities. Those include: timely delivery of documents and statements to sellers and buyers; the content of those statements and documents; the consequences of untimely delivery, including rescission of the contract to purchase; and coordination of this process for properties subject to more than one community association. For this reason, we respectfully ask for a representative of the Maryland REALTORS® be included in this Task Force.

In addition to the above, Maryland REALTORS® receives many questions and complaints related to fees charged by communities and their management companies which exceed the amounts prescribed in the code, as well as difficulties in determining which properties belong to which Common Interest Community and which association management company. These could be areas for further investigation by the Task Force.

REALTORS® have supported greater oversight in this area for several years through the licensing of association managers and the creation of a statewide registry of communities, though neither has yet passed the General Assembly.

This is an area of real estate greatly in need of attention. With the addition of a REALTOR® representative on the Task Force and inclusion of the above study areas, Maryland REALTORS® recommend a favorable report on SB 894.

**For more information contact**  
**[lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org) or [christa.mcgee@mdrealtor.org](mailto:christa.mcgee@mdrealtor.org)**

# **SB 894 Support with Amendments.pdf**

Uploaded by: Steven Sakamoto-Wengel

Position: FWA

**ANTHONY G. BROWN**  
*Attorney General*

**CANDACE MCLAREN LANHAM**  
*Chief of Staff*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*

Writer's Fax No.  
410-576-7040



**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER COUNCIL**

Writer's Direct Dial No.  
410-576-7942  
[kstraughn@oag.state.md.us](mailto:kstraughn@oag.state.md.us)

March 21, 2023

To: The Honorable William C. Smith, Jr.  
Chair, Judicial Proceedings Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: Senate Bill 894 – Task Force on Common Ownership Communities (SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 894, submitted by Senator Nancy J. King, with amendments. This bill establishes a task force on Common Ownership Communities to study the education and training needs of boards and new owners, as well as issues impacting common ownership communities. We recommend an amendment to ensure that the Consumer Protection Division receives the additional staffing needed to facilitate this task force. In addition, we recommend considering adding a designee of the Maryland Higher Education Commission to the task force because the bill recommends study of providing classes and brochures on the subject by this state agency.

Common ownership communities have been in existence for decades, but the concerns and issues facing them continue to grow. In 2006, a task force was established to define the key issues which impacted the health and viability of common ownership communities, analyze six areas of significant problems at that time, and build consensus regarding balanced and affordable reforms for recommendation. Since that time, there have been numerous laws passed to assist these communities, but the complexity of common ownership communities requires further study to be able to meet the growing needs.

This bill would consider training and education for governing boards, conflict management processes, the collection of assessments, resources to assist the communities and the transfer from developers to associations, among many others. This would aid in developing new laws to assist communities to ensure that they remain viable and responsive to the needs of their members.

The bill requires the Office of the Attorney General to staff the task force, which would require arranging and attending meetings, taking notes, writing minutes, and drafting the report to be submitted at the conclusion of the task force. We believe that staffing the task force would require ½



of an Administrator for the two years that the task force is in place and recommend that the bill be amended to ensure that this staffing is provided if the bill passes. In addition, the Office of the Attorney General recommends considering adding a designee of the Maryland Higher Education Commission to the task force due to the fact that the bill requires the task force to study requesting this state agency to provide classes and brochures for common ownership communities.

For these reasons, we ask that the Judicial Proceedings Committee return a favorable report on this bill with amendments.

cc: The Honorable Nancy J. King  
Members, Judicial Proceedings Committee

# **SB 894 CAI Letter in Opposition .pdf**

Uploaded by: Grason Wiggins

Position: UNF

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Steven Randol, Chair  
Aimee Winegar, CMCA, LSM, PCAM, Vice Chair  
Vicki Caine, Secretary  
Brenda Wakefield, CMCA, AMS, Assistant Secretary  
Hillary A. Collins, Esq., Member  
Igor Conev, CMCA, AMS, PCAM, CIRMS, Member  
Steven F. Dunn, Esq., Member  
Cynthia Hitt Kent, Esq., Member  
Judyann Lee, Esq., Member  
Julie Dymowski, Esq., Member Emeritus  
Kathleen M. Elmore, Esq., Member Emeritus

Marie Fowler, PCAM, Treasurer  
Charlene Morazzani Hood, PCAM, MS,  
Asst. Treasurer  
Barbara Leonard, Member  
Susan Saltsman, CMCA, AMS, Member  
Scott J. Silverman, Esq., Member  
John Taylor, Member  
Tricia A. Walsh, CISR, Member  
Chris Majerle, PCAM, Member Emeritus  
Robin Manougian, CIRMS, Member Emeritus

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March 20, 2023

Hon. Senator William C. Smith, Jr., Chair  
Hon. Senator Jeff Waldstreicher, Vice Chair  
Hon. Senator Nancy J. King, Sponsor  
Judicial Proceedings Committee  
2 East  
Miller Senate Office Building  
Annapolis, MD 21401

**Re: SB 894 – Task Force on Common Ownership Communities**

**Hearing: March 21, 2023**

**Position: OPPOSE**

Dear Chairman Barve, Vice Chairman Stein, Delegate Holmes and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI MD-LAC represents individuals and professionals who reside in, or work with, condominiums, homeowners’ associations, and cooperatives throughout the State of Maryland.

MD-LAC is writing today to voice our opposition against SB 894. The bill calls for the creation of a task force to study and submit findings related to common ownership communities.

The members of the MD-LAC and of all common ownership communities join with the state legislature in supporting the concept and goals of common ownership community living, especially in view of the fact that nearly every new home build in Maryland is required to be part of an association. However, we believe that the proposed task force is an unsatisfactory mechanism for exploring the legal challenges facing communities today. Among our concerns are the following specific items:

- ***The size and composition of the task force is unsatisfactory.*** The proposed task force appears to include approximately 35 members, only one of which will be a professional community association manager. Association managers work with common ownership communities every day, and their limited representation on the proposed task force will limit their ability to provide valuable insight into the operation of common ownership communities. Only one task force member is proposed to be an attorney with experience in common ownership law. Again, these professionals work in this industry and could bring a significant amount of knowledge and experience to the table.
- ***Condominiums as a group are not represented.*** There does not appear to be any designated representation of condominiums (presumably they could be included in one of the other groups). This is despite the fact that condominiums are the most at risk of financial jeopardy in today's economic climate.
- ***The projected goals of the task force may either (1) be easily realized through other means or (2) be too complicated to lead to a reasonable result by means of this task force.*** For example:
  - The creation of a state website related to common ownership communities, including best practices and resident rights may be developed using existing resources through the industry group Community Associations Institute (CAI) or by soliciting volunteer inputs from industry professionals to be incorporated into the Housing and Community Development website (dhcd.maryland.gov).
  - The development of a brochure and classes may also be requested of the private or public educational sector and industry professionals. CAI already offers classes and printed material for residents and community leaders at very low or no cost.

We have additional concerns about the following individual proposed outcomes and believe that, to the extent that the task force proceeds, these be removed as topics of discussion, as they should be addressed through targeted, informed legislation to the extent the concepts should be pursued at all:

- ***Fining volunteer board members as individuals for law violations places these volunteers in a different class from other board members of other types of organizations.*** Common ownership communities already struggle to fill leadership positions with volunteers, and we believe the idea of potential personal liability will have a chilling effect on volunteerism. Sufficient remedies already exist in law to penalize associations that do not uphold their governing documents, or board members who actually commit crimes.
- ***Adoption of the Uniform Common Interest Ownership Act promulgated by the National Conference of Commissioners of Uniform State Laws may lead to confusion and conflict*** with existing state laws that have been formulated to address the specific needs of Maryland residents.
- ***Resale disclosure packages are already governed by state laws.*** Additional laws could be proposed and passed as needed in a more targeted way.

- *A permanent State Commission may be advisable, but could be addressed within the Department of Housing and Community Development without a task force.*
- *A “bill of rights” opens the possibility for conflicts between such a document and the widely varying governing documents of common ownership communities, to which every homeowner agrees upon purchasing a home in a common ownership community.*
- *The task force is not proposed to include the industry expertise to satisfactorily consider additional requirements on developers.* A requirement for developers to fund reserve studies, to provide initial reserve funds, and to provide additional resources to homeowners is welcome, but again is not an appropriate topic for a task force on which developers, community managers, professional reserve advisors and investment professionals are not well represented.
- *Common ownership communities are required to exist by governmental agencies. Why would they then also be required to be licensed and to post a surety bond as proposed?*
- *State-mandated assessment limits will not be able to account for the individual and unique needs of each association in the full constellation of common ownership communities.* These associations own widely varying amounts of property/assets and provide a panoply of services. Anything approaching a one-size-fits-all mandate will not address the actual needs of these associations, particularly those at the lower end of the socio-economic scale. Additionally, imposed limits would fly in the face of recent legislation mandating minimum reserve contributions and other state-mandated actions.
- *Alternatives to adjudication for the collection of delinquent assessments will create confusion on the part of association leaders and residents,* possibly without improving the financial posture of associations which are burdened by large amounts of uncollected assessments.
- *Governing documents are already required to be deposited with county agencies.* The proposed requirement that governing documents be deposited annually with the circuit court duplicates current requirements. It is unlikely that annual filings will be used by the courts.

Accordingly, we respectfully request that the Committee give SB 894 an unfavorable report. We are available to answer any questions which you may have. Please feel free to contact any of the individuals listed: Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or [lisa.jones@mdlobbyist.com](mailto:lisa.jones@mdlobbyist.com); or Steven F. Dunn, CAI MD-LAC, at 301-347-1276 or [sfdunn@lercheearly.com](mailto:sfdunn@lercheearly.com); or Steven Randol, Chair, at 410-695-2183 or [MDLACChair@gmail.com](mailto:MDLACChair@gmail.com).

Sincerely,



Steven F. Dunn  
MD-LAC for CAI  
MD-LAC for CAI



Steven Randol  
Chairman

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.

**Maryland Legislative Action Committee**  
**Post Office Box 6636**  
**Annapolis, Maryland 21401**