



**Maryland Legislative Action Committee**  
**The Legislative Voice of Maryland Community Association Homeowners**

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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:

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- ***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@lercheary.com](mailto:sfdunn@lercheary.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.

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