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February 15, 2024

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

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 447 - Residential Owners in Common Ownership Communities Bill of Rights
– (LETTER OF SUPPORT WITH AMENDMENT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 447, introduced by Senator C. Anthony Muse, with the attached amendment. This bill creates a bill of rights for members of a common ownership community. The Consumer Protection Division currently mediates complaints on behalf of association members when those members feel their rights under the acts which regulate common ownership communities have not been honored. In addition, the Division has the authority to take an enforcement action against an association that is in violation of the statutes when an unfair and deceptive trade practice has taken place.

While this office supports a bill of rights for consumers, this bill also provides a mechanism by which the Office of the Attorney General would take direct enforcement actions on behalf of individual association members who file complaints with the Office. This office supports the ability of an association member to file a complaint with the Consumer Protection Division when their rights have been compromised, which the Division would seek to resolve through mediation, as it does with all other complaints. However, it does not support the ability to have the Division file an action on behalf of individual residential owners. The Division does not represent individual consumers and we have significant concerns about creating a right to have the Division file a direct action on behalf of an individual residential owner. Rather, the Division

takes enforcement actions for violations of the Consumer Protection Act on behalf of the State of Maryland.

Expanding the role of the Division to enable it to represent individual owners in a common ownership community would require, at a minimum, a full-time Assistant Attorney General, a full-time Investigator, and 1/2 a Mediation Unit Supervisor. The filing of these individual actions could also increase the costs for the associations and, ultimately, the assessments paid by residents. Moreover, the mere fact that an individual lives in a common ownership community, without regard to their financial ability to file a private action, should not be a basis to compel the Division to take an action.

For these reasons, the Consumer Protection Division seeks a favorable report on this bill with the attached amendment.

cc: The Honorable C, Anthony Muse
Members, Judicial Proceedings Committee

AMENDMENT TO SB 447 (2024)

Amendment 1

On page 6, in line 2, strike “(I)”, and in line 3- after communities, strike beginning with “and” down through “Attorney General” in line 7, inclusive.