

February 20th, 2025

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

RE: MBIA Letter of Opposition SB 866 Common Ownership Communities – Ombudsman Unit, Governing Document Database, and Local Commissions

Dear Chairman Smith:

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 866 Common Ownership Communities – Ombudsman Unit, Governing Document Database, and Local Commissions**. MBIA opposes this measure.

This bill requires common ownership communities to file governing documents with the Department of Housing and Community Development and sets requirements for local common ownership communities. Homeowners' associations (HOAs) already submit a depository statement, and condominiums file a public offering statement with the Secretary of State. It is unclear whether these new requirements replace, or add to the existing requirements.

We also believe the fine structure in the bill is unclear. The bill allows for a \$500 fine for failing to file governing documents, but does not specify whether this is imposed each time a document is not timely filed, or if this is a one-time penalty. If it is not a one-time penalty, this could place excessive financial burdens on our members.

The definition of dispute under proposed Title 11-C is overly broad and would include decisions made by the board of directors of a common ownership community in connection with the enforcement of the governing documents. The definition would also include any disagreement involving a board's authority to carry out its ordinary obligations such as levying assessments, regulating the use of common areas, spending association funds, etc. Further, there is no exclusion or limitation for actions by developer-controlled boards.

The bill does not clearly define how the newly created Common Ownership Community Ombudsman unit will interact with established or future local commissions. This could lead to an influx of complaints by homeowners and will have a negative impact on association resources, particularly during the period of declarant control.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration. For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee