

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 705

(Delegate Terrasa)

Environment and Transportation

Judicial Proceedings

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**Real Property - Cooperative Housing Corporations, Condominiums, and  
Homeowners Associations - Virtual Meetings**

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This bill establishes additional requirements for virtual meetings that are held by a cooperative housing corporation, condominium, or homeowners association (HOA) (generally known as common ownership communities (COCs)). The bill also authorizes the person conducting a meeting (or the person’s designee) to take specified actions during the meeting, including removing a participant from the meeting under certain circumstances. Furthermore, the bill specifies that a meeting of the governing body of a COC held by electronic transmission must be held in accordance with existing applicable meeting requirements.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary/Current law:** Chapters 523 and 524 of 2021 permit the applicable governing body for a COC to authorize any meetings to be conducted or attended by telephone conference, video conference, or similar electronic means. If a COC holds any meeting through electronic means (1) the equipment or system used must permit any meeting participant (as specified) in attendance to hear and be heard by all other

participants in the meeting (the bill clarifies that this is *in accordance with the governing documents*) and (2) a link or instructions on how to access the meeting must be included in the meeting notice.

Under current law, an authorized participant attending through electronic means is deemed present for quorum and voting purposes. Matters may be scheduled for a vote during such meetings, and ballots may be delivered to members/owners with notice of the meeting. Only those present during a meeting through electronic means may vote a ballot in accordance with these provisions; authorized individuals who are not present may otherwise vote by proxy (and be considered present for quorum purposes), as specified. A reasonable deadline may be set for return of a ballot, including through electronic transmission, subject to the limitation that the deadline be within 24 hours after a meeting concludes. The inability of a member, unit owner, or lot owner to join a meeting due to technical difficulties with the participant's telephone, computer, or other electronic device does not invalidate the meeting or any action taken at the meeting.

Under the bill, the person conducting the meeting (or, as specified, the person's designee):

- must allow all participants a reasonable opportunity to (1) be heard by all other members participating in the meeting and (2) participate as if the meeting were conducted in person;
- provided that all participants are granted the ability to unmute themselves, may mute all participants (1) while the governing body or its designee is conducting business; (2) during presentations; and (3) to avoid interference from background noise; and
- may, if a participant interferes in the ability to conduct the meeting (1) revoke the ability for the participant to unmute and (2) if necessary, remove the participant from the meeting after warning the participant.

Additionally, the bill requires that if a meeting is conducted by video conference or similar electronic means, all participants must have the same access to any chat function.

Generally, under current law (and unchanged by the bill), a meeting of the governing body of a COC must be open and may be held in closed session only under limited circumstances specified in current law (*e.g.*, for discussion of matters pertaining to employees and personnel, for discussion of individual owner assessment accounts, etc.).

For more information on cooperatives, condominiums, and HOAs, see the **Appendix – Common Ownership Communities**.

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 1147 of 2022 and HB 331 of 2023.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division);  
Department of Legislative Services

**Fiscal Note History:**      First Reader - February 16, 2024  
km/jkb                              Third Reader - March 1, 2024

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## Appendix – Common Ownership Communities

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When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, he or she may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities (COCs). In Maryland, a growing number of newly constructed or newly converted residences are located in some form of a COC. Because registration of the various COCs is not required statewide, the exact number of COCs in Maryland is unknown. However, the Foundation for Community Association Research estimated that there were 7,100 community associations with an estimated 1 million residents in these associations in the State in 2023.

The affairs of a condominium are governed by a council of unit owners, which comprises all unit owners. Among other powers, the council of unit owners has the power to impose assessments on the unit owners to pay common expenses. A council of unit owners may delegate its powers to a board of directors, officers, or a managing agent. Condominiums are governed under Title 11 of the Real Property Article.

Many new housing developments are subject to a homeowners association (HOA) that is created by a governing document and has the authority to impose mandatory fees on lots in the development in connection with the provision of services or for the benefit of the lots, the lot owners, or the common areas. HOAs are governed under Title 11B of the Real Property Article.

A cooperative housing corporation or “cooperative” is a corporation that owns real property. A resident of a cooperative does not own his or her unit; instead, the person owns an interest in the corporation, which leases the unit to the person for residential use. Cooperatives are governed by the laws in Title 5, Subtitle 6B of the Corporations and Associations Article.

Condominiums and HOAs may be authorized by their governing documents to impose liens on units or lots to collect unpaid assessments or fees. In a cooperative, the governing documents usually provide for the collection of delinquent fees, and evictions for outstanding fees are generally pursued by way of a landlord-tenant action.

### *Task Force on Common Ownership Communities*

With a growing number of Marylanders residing in COCs, and evidence that some COCs had issues with governance, dispute resolution, and financial stability, the

General Assembly created the Task Force on Common Ownership Communities in 2005 (Chapter 469 of 2005). The issues addressed by the task force included the availability of alternative dispute resolution services, special considerations of aging COCs, collection of assessments, and resale of homes within COCs. The task force met 10 times, held five public hearings, and submitted its [final report](#) in December 2006. The report's findings and recommendations have served, in subsequent years, as the basis for numerous pieces of legislation intended to improve the operation of COCs.

The task force's report also featured findings and recommendations relating to the creation of an ombudsman in local governments. Since the report's release, Prince George's County created its Common Ownership Communities Program in 2007 with the stated purpose of assisting governing bodies, as well as owners and residents of HOAs, residential condominiums, and cooperative housing corporations, with education, training, and alternative dispute resolution. Charles and Montgomery counties have offices dedicated to COCs that predate the task force.