

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

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1517 (Delegate Terrasa)  
Environment and Transportation

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**Common Ownership Communities - Annual Registration With Department of Housing and Community Development - Requirements**

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This bill requires condominiums, cooperative housing corporations, and homeowners associations (HOAs) – collectively defined as common ownership communities (COCs) – to register with the Department of Housing and Community Development (DHCD) by July 1, 2025, and annually thereafter. The bill authorizes DHCD to charge an annual registration fee and establishes a penalty for COCs that violate the bill’s requirements.

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**Fiscal Summary**

**State Effect:** General fund revenues increase by at least \$177,500 annually beginning in FY 2025 from registration fees and fines, under the assumptions discussed below. DHCD can facilitate the bill’s registration requirements using existing budgeted resources.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	\$177,500	\$177,500	\$177,500	\$177,500	\$177,500
Expenditure	0	0	0	0	0
Net Effect	\$177,500	\$177,500	\$177,500	\$177,500	\$177,500

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**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:** The registration required under the bill must include the following information:

- the name and physical (and mailing) address of (1) the COC; (2) the management company for the COC, if applicable; and (3) if the COC is part of a larger COC, the larger owner community;
- whether the COC is a condominium, cooperative housing corporation, or HOA;
- the name and contact information for the COC's governing body; and
- the name, type of structure, and number of each type of home or unit in the COC; and
- a description of the area where the COC is located.

A COC must submit an update to DHCD if (1) there is a change in the makeup of the governing body of the COC or the larger entity of which the COC is a part, as specified and if applicable or (2) the COC hires a management company or changes management companies.

DHCD may charge a maximum annual registration fee of \$25 but is prohibited from charging a fee for any submitted updates that are required by the bill. A COC that violates the registration requirement is subject to a fine of \$200.

**Current Law:** Generally, existing statutory provisions require the submission/recordation of certain documents pertaining to specific types of COCs with various State and local units of government (*e.g.*, the filing of articles of incorporation for cooperative housing corporations, the submission of public offering statements for condominiums being offered for sale, and/or the recordation of various governing documents/legal instruments for COCs in county land records, etc.). However, there is no Statewide registration requirement of all COC communities with a specific entity.

For more information on COCs, see the **Appendix – Common Ownership Communities**.

**State Fiscal Effect:** General fund revenues increase beginning in fiscal 2025 to reflect the collection of annual registration fees and fines for noncompliance. Although the total number of COCs in the State is unknown, the Foundation for Community Association Research estimates there were approximately 7,100 COCs within the State in 2023. For purposes of this analysis, and using the aforementioned information, general fund revenues are therefore estimated to increase by \$177,500 annually from registration fees (assuming the maximum \$25 fee is imposed). While the bill allows registration to occur *as late as* July 1, 2025 (the first day of fiscal 2026), given the nominal amount of the registration fee,

this analysis assumes the first influx of registrations occurs prior to that time, with associated revenues therefore accruing in fiscal 2025. General fund revenues further increase – likely minimally – to the extent COCs fail to register as required and are assessed a fine, as prescribed under the bill.

DHCD advises that it can facilitate the bill's requirements with existing budgeted resources.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Foundation for Community Association Research; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 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.