

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 734 (Senator Stone)
Judicial Proceedings

Real Property - Common Interest Developments - Dispute Resolution

This bill creates an alternative to litigation for resolving disputes between “associations” - a council of unit owners of a condominium, a cooperative housing corporation, or a homeowners’ association - and developers with regard to defects in the design or construction of a “common interest development.” The bill specifies the requirements for an association to bring an action against a developer, and discusses the conditions under which a settlement may be reached. However, if a settlement agreement between the association and the developer is not reached, a neutral expert, under specified conditions, may be appointed to investigate a claim, to consider all relevant issues, and to recommend a settlement. The costs incurred as a result of the neutral expert’s appointment are shared equally between the two disputing parties. Lastly, the bill discusses court actions that may be taken in the event that the developer’s settlement proposal or the neutral expert’s settlement recommendation is rejected by either party.

Fiscal Summary

State Effect: Any decrease in the Judiciary’s caseload resulting from a decreased number of complaints that would require court action is not expected to materially affect the Judiciary’s finances. Also, assuming that fewer than 50 complaints per year stem from the bill, there would be no effect on the Consumer Protection Division.

Local Effect: None.

Information Source(s): Attorney General's Office (Consumer Protection Division),
Secretary of State, Department of Fiscal Services

Fiscal Note History: First Reader - February 20, 1996

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