

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1262 (Delegate Doorv)

Economic Matters

Real Property - Common Interest Development Claims

This bill requires a council of unit owners, a homeowners association, a cooperative housing corporation, and developers of common interest developments to file certifications with the clerk of the court when actions for damages against developers of common interest developments are filed.

Fiscal Summary

State Effect: None. This bill is not expected to materially affect the Judiciary's operations or workload.

Local Effect: None.

Small Business Effect: Minimal impact on small businesses.

Fiscal Analysis

Bill Summary: This bill defines an "association" as a council of unit owners of a condominium, a homeowners association, or a cooperative housing corporation. The bill requires that in an action for damages against the developer of a common interest development based on a claim for defects in the design or construction of the development, an association shall file a certification under oath with the clerk of the court stating: (1) that a reasonable attempt was made to mail or deliver written notice to the developer specifying the development's design or construction defects; (2) that a developer received a reasonable opportunity to inspect part of the development that is the subject of the claim and meet with an association's governing body; (3) whether or not the matter has been or will be submitted to a nonbinding mediation; (4) that an association has sent to all members a statement of the claim, the developer's proposed settlement, and the recommendations of a mediator as well

as a statement that 15% of the members of an association may request a meeting to discuss these issues; (5) whether or not a special meeting was held; and (6) that the association's governing body has the authority to approve and has approved the litigation.

A developer's response to an association's action shall also be a certification under oath and state that: (1) the developer has provided the association with a copy of any written report prepared by or for the developer following the inspection of the development; and (2) the parties have met to discuss resolution of the claim. The circuit court shall dismiss any action or strike any filed pleading without these certifications.

Before an association brings an action against a developer, the association is required to make a reasonable attempt to provide to each member of the association: (1) a statement of the claim; (2) a copy of the developer's written response to the claim, including any proposed settlement delivered by the developer to the association; (3) information about the settlement conference and mediation; (4) a statement of the anticipated consequences of proceeding with the litigation; and (5) a statement that a special meeting may be held if 15% of the members request such a meeting within 30 days of the date the notice is mailed or delivered.

Information Sources: Judiciary (Administrative Office of the Courts), Department of Legislative Services

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