

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 229

(Senator Kelley, *et al.*)

Judicial Proceedings

Environmental Matters

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Task Force on Common Ownership Communities

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This bill creates a 23-member Task Force on Common Ownership Communities to study: (1) the education and training needs of common ownership community boards and new and prospective owners of homes and dwelling units in common ownership communities; (2) alternative dispute resolution services for common ownership communities; (3) the desirability of adopting provisions of the Uniform Common Interest Ownership Act of 1994, as promulgated by the National Conference of Commissioners on Uniform State Laws; (4) issues facing aging common ownership communities; (5) issues relating to the collection of assessments; and (6) issues relating to the resale by owners of homes located in common ownership communities. The bill defines a common ownership community and requires that certain members of the task force have specified professional experience.

The bill directs the Department of Housing and Community Development (DHCD) to provide staffing for the task force. The task force is to submit a final report to the Governor and the General Assembly by December 31, 2006.

The bill takes effect June 1, 2005 and terminates on December 31, 2006.

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Fiscal Summary

**State Effect:** Any expense reimbursements for task force members and staffing costs for DHCD are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law/Background:** Community associations are governed by local, State, and federal law. State statutes regulate association governance and procedures, including the Maryland Condominium Act, Maryland Homeowners Association Act, and the Maryland Cooperative Housing Corporation Act. Generally, disputes that arise between owners and the community associations are governed by the procedures of the bylaws of the association and the courts.

State real property laws prohibit a condominium council of unit owners or board of directors from imposing a fine or suspending the rights of a unit owner or other occupants for violations of rules until certain procedures are followed, including a written demand for the violation to cease, allowance for 10 days for action to abate the violation, and a hearing if the violation continues after the 10 days. A decision pursuant to these procedures can be appealed to State courts.

Chapter 44 of 2003 authorized Charles County to establish a Homeowners Association Commission with the authority to hear and resolve disputes between a homeowners' association and a homeowner regarding the enforcement of the recorded covenants or restrictions of the homeowners' association. The Montgomery County Commission on Common Ownership Communities, established in 1995, provides similar services for homeowners and homeowners' associations.

A bill to establish a permanent Commission on Common Ownership Communities in DHCD, HB 1281 of 2004, received an unfavorable report from the House Environmental Matters Committee.

**State Fiscal Effect:** DHCD advises that fulfillment of the requirements of this bill would require an additional grade 17 employee and a part-time assistant Attorney General for the duration of the task force, as well as research consulting services, costing approximately \$111,000 per year. The DHCD estimate to support the task force proposed by this bill is about one-half the 2004 DHCD estimate for establishing a permanent commission within the department with research, educational, referral, and dispute resolution duties. Legislative Services advises that existing staff within the department could provide the required support for the task force.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Housing and Community Development,  
Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2005  
mll/rhh Revised - Senate Third Reader - April 4, 2005  
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