

# HOUSE BILL 423

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CF SB 894

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By: ~~Delegate Holmes~~ Delegates Holmes and Terrasa

Introduced and read first time: January 30, 2023

Assigned to: Environment and Transportation

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2023

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Task Force on Common Ownership Communities**

3 FOR the purpose of establishing the Task Force on Common Ownership Communities;  
4 requiring the Task Force to submit a report of findings and recommendations; and  
5 generally relating to the Task Force on Common Ownership Communities.

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
7 That:

8 (a) In this section, “common ownership community” means:

9 (1) a condominium, as defined in § 11–101 of the Real Property Article;

10 (2) a cooperative housing corporation, as defined in § 5–6B–01 of the  
11 Corporations and Associations Article; or

12 (3) a homeowners association, as defined in § 11B–101 of the Real Property  
13 Article.

14 (b) There is a Task Force on Common Ownership Communities.

15 (c) The Task Force consists of the following members:

16 (1) 2 members of the Senate of Maryland, appointed by the President of the  
17 Senate;

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) 2 members of the House of Delegates, appointed by the Speaker of the  
2 House;

3 (3) the Secretary of Housing and Community Development, or the  
4 Secretary's designee;

5 (4) the Secretary of Labor, or the Secretary's designee;

6 (5) 1 representative of the Consumer Protection Division in the Office of  
7 the Attorney General;

8 (6) 1 representative from the field of alternative dispute resolution,  
9 appointed by the Chief Justice of the Supreme Court of Maryland;

10 (7) ~~8~~ 2 representatives of the general public, appointed by the President of  
11 the Senate:

12 (i) ~~4 of whom are members~~ 1 of whom is a member of a board of  
13 directors of a large common ownership community; and

14 (ii) ~~4 of whom are members~~ 1 of whom is a member of a board of  
15 directors of a medium-sized or small common ownership community;

16 (8) ~~8~~ 2 representatives of the general public, appointed by the Speaker of  
17 the House:

18 (i) ~~4 of whom are members~~ 1 of whom is a member of a board of  
19 directors of a large common ownership community; and

20 (ii) ~~4 of whom are members~~ 1 of whom is a member of a board of  
21 directors of a medium-sized or small common ownership community; and

22 (9) ~~11~~ 7 representatives of the general public, appointed by the Governor:

23 (i) ~~3 of whom own~~ 1 of whom owns a home or dwelling unit in a  
24 common ownership community;

25 (ii) ~~3 of whom are not members~~ 1 of whom is not a member of a board  
26 of directors of a common ownership community;

27 (iii) 1 of whom is an attorney with experience representing common  
28 ownership communities;

29 (iv) 1 of whom is an insurance agent or broker with experience  
30 serving common ownership communities;

1 (v) 1 of whom is a certified public accountant with experience  
2 serving common ownership communities;

3 (vi) 1 of whom is a manager of a common ownership community; and

4 (vii) 1 of whom is a representative of the Maryland State Builders  
5 Association.

6 (d) The Task Force shall elect a chair from among its members.

7 (e) The Office of the Attorney General shall provide staff for the Task Force.

8 (f) A member of the Task Force:

9 (1) may not receive compensation as a member of the Task Force; but

10 (2) is entitled to reimbursement for expenses under the Standard State  
11 Travel Regulations, as provided in the State budget.

12 (g) The Task Force shall study:

13 (1) the education and training needs of common ownership community  
14 boards and new and prospective owners of homes and dwelling units in common ownership  
15 communities, including:

16 (i) ~~creation of a State website and brochure with:~~

17 ~~1. information on the rights and responsibilities of owners of~~  
18 ~~homes and dwelling units in common ownership communities; and~~

19 ~~2.~~ and dissemination of information on the best practices for  
20 common ownership community governing boards; and

21 (ii) ~~requesting the Maryland Higher Education Commission or other~~  
22 ~~State agencies to provide classes and brochures~~ options for providing classes and brochures  
23 through a State agency or an institution regulated by the Maryland Higher Education  
24 Commission on:

25 1. the responsibilities of members of common ownership  
26 community governing boards; and

27 2. the obligations and rights of owners of homes and dwelling  
28 units in common ownership communities;

29 (2) the feasibility of establishing statewide alternative dispute resolution  
30 services for common ownership communities, including:

1 (i) ~~providing grants to all county governments for an ombuds~~  
2 ~~program, mediation, arbitration, and administrative hearings as an alternative to~~  
3 ~~adjudication;~~

4 (ii) ~~providing resources to the Office of the Attorney General for~~  
5 ~~enforcement of laws related to common ownership communities; and~~

6 (ii) offering assistance and guidance to owners of homes and  
7 dwelling units in common ownership communities prior to litigation;

8 (iii) ~~making common ownership community governing boards or~~  
9 ~~board members subject to a fine for violating board governing documents or State laws~~  
10 ~~related to common ownership communities; and~~

11 (iv) ~~authorizing the Maryland Judiciary Mediation and Conflict~~  
12 ~~Resolution Office to:~~

13 ~~1. provide assistance to common ownership communities~~  
14 ~~that request strategies for preventing and resolving recurring conflicts; and~~

15 ~~2. develop a conflict management process;~~

16 ~~(3) the desirability of adopting provisions of the Uniform Common Interest~~  
17 ~~Ownership Act promulgated by the National Conference of Commissioners of Uniform~~  
18 ~~State Laws;~~

19 ~~(4) issues facing aging common ownership communities;~~

20 ~~(5) issues relating to the collection of assessments;~~

21 ~~(6) issues relating to the resale by owners of homes located in common~~  
22 ~~ownership communities, including:~~

23 (i) ~~the time frames for the delivery of documents and statements to~~  
24 ~~sellers and to buyers;~~

25 (ii) ~~the content of documents and statements that sellers must~~  
26 ~~provide to buyers;~~

27 (iii) ~~the consequences when time frames for the delivery of documents~~  
28 ~~and statements to sellers and to buyers are not satisfied;~~

29 (iv) ~~the time period within which a buyer may rescind a sales~~  
30 ~~contract without any liability; and~~

1 ~~(v) the resale of homes that are subject to multiple common~~  
2 ~~ownership regimes and the coordination of the preparation of the documents and~~  
3 ~~statements for the resale process;~~

4 ~~(7) (3) the advisability of creating a permanent State Commission on Common~~  
5 ~~Ownership Communities;~~

6 ~~(8) adoption of a Uniform Common Interest Owners Bill of Rights Act;~~

7 ~~(9) the feasibility of requiring that, before common elements and resources~~  
8 ~~of homeowners associations are transferred to governing boards, developers:~~

9 ~~(i) pay for independent reserve studies;~~

10 ~~(ii) make payments to reserves based on remaining~~  
11 ~~developer owned units or lots;~~

12 ~~(iii) provide a list of common elements and relevant contracts;~~

13 ~~(iv) retain common elements that are incomplete or unusable; and~~

14 ~~(v) pay for an independent audit of funds to be transferred to verify~~  
15 ~~the accuracy of developer contributions;~~

16 ~~(10) the feasibility of requiring that, every 5 years, common ownership~~  
17 ~~communities perform reserve studies of common area capital infrastructure;~~

18 ~~(11) the feasibility of establishing a State Homeowner and Condominium~~  
19 ~~Association Infrastructure Restoration Fund;~~

20 ~~(12) the feasibility of allowing common ownership communities to:~~

21 ~~(i) amend governing documents at least once every 5 years; and~~

22 ~~(ii) require approval of amendments by at least 51% and no more~~  
23 ~~than two thirds of homeowners, depending on the documents amended;~~

24 ~~(13) (4) the feasibility of requiring common ownership ~~communities~~~~  
25 ~~community managers to be licensed; and~~

26 ~~(14) the feasibility of requiring common ownership communities to post a~~  
27 ~~surety bond;~~

28 ~~(15) the feasibility of permitting homeowners in common ownership~~  
29 ~~communities to petition for receivership of common ownership communities for cause;~~

1 ~~(16) the feasibility of removing exemptions for common ownership~~  
2 ~~communities currently exempt from laws governing common ownership communities;~~

3 ~~(17) the feasibility of establishing a condominium insurance deductible;~~

4 ~~(18) the feasibility of establishing a limit on the amount collected by~~  
5 ~~common ownership communities related to assessments;~~

6 ~~(19) alternatives to adjudication to collect assessments from delinquent~~  
7 ~~owners;~~

8 ~~(20) the feasibility of requiring uniform disclosure requirements for the sale~~  
9 ~~of homes or dwelling units in a common ownership community; and~~

10 ~~(21) the feasibility of requiring common ownership communities to deposit~~  
11 ~~annually updated copies of land records and governing documents with the circuit court.~~

12 (5) best practices related to common ownership community election  
13 processes and governance.

14 (h) The Task Force shall submit a final report of its findings and  
15 recommendations on or before December 31, 2024, to the Governor and, in accordance with  
16 § 2-1257 of the State Government Article, the General Assembly.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
18 1, 2023. It shall remain effective for a period of 2 years and 1 month and, at the end of June  
19 30, 2025, this Act, with no further action required by the General Assembly, shall be  
20 abrogated and of no further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.