

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

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 687

(Charles County Delegation)

Environment and Transportation

Judicial Proceedings

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**Charles County – Governing Bodies of Common Ownership Communities –  
Member Training**

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This bill requires, in Charles County only, each member of a board of directors or officer of a council of unit owners of a condominium and each member of a governing body of a homeowners association (HOA) to successfully complete a training curriculum on the responsibilities of being a member or an officer within specified timeframes.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** The bill is not anticipated to materially affect Charles County operations or finances, as discussed below.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** The required training must have been developed by a common ownership commission recognized by the State or a local government or an organization approved to administer the training curriculum by a recognized common ownership commission. Officers and members/individuals must successfully complete the training within 90 days after first being elected or appointed to the office. Individuals who are in office as of the bill's effective date of October 1, 2024, must successfully complete the training within 90 days after beginning a subsequent term.

The board of directors, officers of the council of unit owners, or governing body of an HOA, as appropriate, must (1) certify that each member or officer successfully completes the training requirements; (2) retain a copy of the certificate of completion for each member or officer; and (3) within 90 days after the certification of the member or officer, report to the common ownership commission on the certification. Certificates are valid for three years and require renewal upon expiration. Failure to comply with the training requirement authorizes the relevant body to remove the individual from office or invalidate a vote of the individual.

**Current Law:** Statutory provisions do not address such training requirements for the governing entity of a condominium or an HOA.

For more information on condominiums and HOAs, which are commonly referred to as common ownership communities, see the **Appendix – Common Ownership Communities**.

**Local Expenditures:** Although a local common ownership commission recognized by a local government or the State is an authorized provider of the training, Charles County is not explicitly required to develop or administer any training under the bill. Accordingly, this estimate does not account for any expenditures that would likely be incurred for the county’s Homeowners Association Dispute Resolution Board to develop or administer training, should that entity qualify as a local common ownership commission under the bill.

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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):** Charles County; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2024  
js/jkb Third Reader - March 18, 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.