

SENATE BILL 927

C1, N1

5lr2139
CF HB 1052

By: **Senator Smith**

Introduced and read first time: January 28, 2025

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted with floor amendments

Read second time: February 28, 2025

CHAPTER _____

1 AN ACT concerning

2 **Corporations and Associations – Cooperative Limited Equity Housing**
3 **~~Cooperatives~~ Corporations – Establishment**

4 FOR the purpose of authorizing a Maryland nonstock corporation to convert to a
5 cooperative limited equity housing ~~cooperative corporation~~ and establishing certain
6 procedures and requirements for the conversion of a Maryland nonstock corporation
7 to a cooperative limited equity housing ~~cooperative corporation~~; requiring a
8 cooperative limited equity housing corporation to provide certain notice to certain
9 households under certain circumstances; requiring a cooperative limited equity
10 housing ~~cooperative corporation~~ to reimburse certain households for moving
11 expenses; establishing the allocation of votes in a cooperative limited equity housing
12 ~~cooperative corporation~~; authorizing the Department of Housing and Community
13 Development to establish a program to provide grants to Maryland nonstock
14 corporations to promote the establishment of cooperative limited equity housing
15 ~~cooperatives corporations~~; prohibiting local governments from imposing restrictions
16 on cooperative limited equity housing ~~cooperatives corporations~~; establishing
17 limitations on the appreciation and sale of a cooperative interest; authorizing the
18 Department of Housing and Community Development to establish certain rights and
19 requirements for a cooperative limited equity ~~cooperative corporation~~ and its
20 members and to provide certain grants to promote the establishment of cooperative
21 limited equity ~~cooperatives~~ housing corporations; ~~exempting real property owned by~~
22 ~~certain limited equity housing cooperatives from State property tax subject to a~~
23 ~~certain limitation; authorizing the Mayor and City Council of Baltimore City or the~~
24 ~~governing body of a county or municipal corporation to grant, by law, a certain tax~~
25 ~~credit against the county or municipal corporation property tax imposed on real~~

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 ~~property owned by a certain limited equity housing cooperative;~~ and generally
 2 relating to cooperative limited equity housing cooperatives corporations and the
 3 conversion of Maryland nonstock corporations.

4 BY repealing and reenacting, with amendments,
 5 Article – Corporations and Associations
 6 Section 5–207(a)
 7 Annotated Code of Maryland
 8 (2014 Replacement Volume and 2024 Supplement)

9 BY adding to
 10 Article – Corporations and Associations
 11 Section 5–6D–01 through ~~5–6D–10~~ 5–6D–09 to be under the new subtitle “Subtitle
 12 6D. Cooperative Limited Equity Housing Cooperatives Corporations”
 13 Annotated Code of Maryland
 14 (2014 Replacement Volume and 2024 Supplement)

15 ~~BY adding to~~
 16 ~~Article – Tax – Property~~
 17 ~~Section 7–308 and 9–275~~
 18 ~~Annotated Code of Maryland~~
 19 ~~(2019 Replacement Volume and 2024 Supplement)~~

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 21 That the Laws of Maryland read as follows:

22 **Article – Corporations and Associations**

23 5–207.

24 (a) (1) A nonstock corporation may consolidate or merge only with:

25 **(I) ~~another~~ ANOTHER nonstock corporation; OR**

26 **(II) A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION**
 27 **UNDER SUBTITLE 6D OF THIS TITLE.**

28 (2) A Maryland nonstock corporation may convert only into ~~†~~

29 ~~(†) A~~ foreign corporation that does not have the authority to issue
 30 stock; ~~OR~~

31 ~~(II) A LIMITED EQUITY HOUSING COOPERATIVE UNDER~~
 32 ~~SUBTITLE 6D OF THIS TITLE.~~

33 (3) A foreign corporation that does not have the authority to issue stock:

1 (i) May convert into a Maryland nonstock corporation; and

2 (ii) May not convert into [a]:

3 1. A Maryland corporation that has the authority to issue
4 stock; OR

5 2. A COOPERATIVE LIMITED EQUITY HOUSING
6 ~~COOPERATIVE CORPORATION~~ UNDER SUBTITLE 6D OF THIS TITLE.

7 **SUBTITLE 6D. COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVES~~**
8 **CORPORATIONS.**

9 **5-6D-01.**

10 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (B) “ARTICLES OF INCORPORATION” MEANS THE CHARTER BY WHICH A
13 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ BECOMES
14 INCORPORATED UNDER THIS ARTICLE.

15 (C) “BYLAWS” MEANS THE DOCUMENT THAT DETAILS AND GOVERNS THE
16 INTERNAL ORGANIZATION AND OPERATION OF THE COOPERATIVE LIMITED EQUITY
17 HOUSING ~~COOPERATIVE CORPORATION~~.

18 (D) “CONVERSION” MEANS THE TRANSITION OF A PROPERTY FROM A
19 RESIDENTIAL RENTAL FACILITY TO A PROPERTY OWNED BY A COOPERATIVE
20 LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ FOR USE BY MEMBERS OF
21 THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~.

22 (E) “COOPERATIVE INTEREST” MEANS THE OWNERSHIP INTEREST IN A
23 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ THAT IS
24 COUPLED WITH A POSSESSORY INTEREST IN REAL OR PERSONAL PROPERTY OWNED
25 BY THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ AND
26 EVIDENCED BY A MEMBERSHIP CERTIFICATE.

27 (F) “COOPERATIVE LIMITED EQUITY HOUSING CORPORATION” MEANS A
28 MARYLAND NONSTOCK CORPORATION QUALIFIED IN THIS STATE, HAVING ONLY
29 ONE CLASS OF MEMBERSHIP, IN WHICH EACH MEMBER, BY VIRTUE OF THE
30 MEMBER’S MEMBERSHIP, HAS A COOPERATIVE INTEREST IN THE CORPORATION.

1 ~~(F)~~ (G) “COOPERATIVE PROJECT” MEANS ALL THE REAL AND PERSONAL
2 PROPERTY IN THIS STATE THAT IS OWNED OR LEASED BY A COOPERATIVE LIMITED
3 EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION FOR THE PRIMARY PURPOSE OF
4 RESIDENTIAL USE.

5 ~~(G)~~ (H) “DISABLED PERSON” MEANS A PERSON WITH A MEASURABLE
6 LIMITATION OF MOBILITY DUE TO CONGENITAL DEFECT, DISEASE, OR TRAUMA.

7 ~~(H)~~ ~~“LIMITED EQUITY HOUSING COOPERATIVE” MEANS A MARYLAND~~
8 ~~NONSTOCK CORPORATION QUALIFIED IN THIS STATE, HAVING ONLY ONE CLASS OF~~
9 ~~MEMBERSHIP, IN WHICH EACH MEMBER, BY VIRTUE OF THE MEMBER’S~~
10 ~~MEMBERSHIP, HAS A COOPERATIVE INTEREST IN THE CORPORATION.~~

11 (I) “LOW-INCOME HOUSEHOLD” MEANS A HOUSEHOLD WITH AN INCOME
12 THAT DOES NOT EXCEED 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF
13 THE SAME SIZE.

14 (J) “MEMBER” MEANS A PERSON WHO OWNS A COOPERATIVE INTEREST.

15 (K) “MEMBERSHIP CERTIFICATE” MEANS:

16 (1) A DOCUMENT ISSUED BY A COOPERATIVE LIMITED EQUITY
17 HOUSING ~~COOPERATIVE~~ CORPORATION EVIDENCING OWNERSHIP OF A
18 COOPERATIVE INTEREST; OR

19 (2) IF THERE IS NO DOCUMENT THAT SATISFIES ITEM (1) OF THIS
20 SUBSECTION, A PROPRIETARY LEASE.

21 (L) “MOVING EXPENSES” MEANS COSTS INCURRED TO:

22 (1) HIRE CONTRACTORS, LABOR, TRUCKS, OR EQUIPMENT FOR THE
23 TRANSPORTATION OF PERSONAL PROPERTY;

24 (2) PACK AND UNPACK PERSONAL PROPERTY;

25 (3) DISCONNECT AND INSTALL PERSONAL PROPERTY;

26 (4) INSURE PERSONAL PROPERTY TO BE MOVED; AND

27 (5) DISCONNECT AND RECONNECT UTILITIES SUCH AS TELEPHONE
28 SERVICE, GAS, WATER, AND ELECTRICITY.

29 (M) (1) “PROPRIETARY LEASE” MEANS AN AGREEMENT WITH THE
30 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION UNDER

1 WHICH A MEMBER HAS AN EXCLUSIVE POSSESSORY INTEREST IN A UNIT AND A
2 POSSESSORY INTEREST IN COMMON WITH OTHER MEMBERS IN THAT PORTION OF A
3 COOPERATIVE PROJECT NOT CONSTITUTING UNITS AND THAT CREATES A LEGAL
4 RELATIONSHIP OF LANDLORD AND TENANT BETWEEN THE COOPERATIVE LIMITED
5 EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ AND THE MEMBER, RESPECTIVELY.

6 (2) "PROPRIETARY LEASE" INCLUDES, IF THERE IS NO OTHER
7 DOCUMENT THAT SATISFIES PARAGRAPH (1) OF THIS SUBSECTION, A MEMBERSHIP
8 CERTIFICATE.

9 (N) "RESIDENTIAL RENTAL FACILITY" MEANS PROPERTY CONTAINING AT
10 LEAST FIVE DWELLING UNITS LEASED FOR RESIDENTIAL PURPOSES.

11 (O) "SENIOR CITIZEN" MEANS A PERSON WHO IS AT LEAST 62 YEARS OLD.

12 (P) "UNIT" MEANS A PORTION OF THE COOPERATIVE PROJECT LEASED FOR
13 EXCLUSIVE OCCUPANCY BY A MEMBER UNDER A PROPRIETARY LEASE.

14 **5-6D-02.**

15 A MARYLAND NONSTOCK CORPORATION MAY BE ORGANIZED FOR THE
16 PURPOSE OF CONVERTING TO A COOPERATIVE LIMITED EQUITY HOUSING
17 ~~COOPERATIVE CORPORATION~~ AFTER ACQUIRING OWNERSHIP OF A RESIDENTIAL
18 RENTAL FACILITY.

19 **5-6D-03.**

20 (A) (1) ON ACQUIRING A RESIDENTIAL RENTAL FACILITY, A MARYLAND
21 NONSTOCK CORPORATION MAY ~~ADOPT A RESOLUTION TO APPLY FOR CONVERSION~~
22 ~~TO A LIMITED EQUITY HOUSING COOPERATIVE.~~

23 ~~(B) THE RESOLUTION TO APPLY FOR CONVERSION TO A LIMITED EQUITY~~
24 ~~HOUSING COOPERATIVE MAY BE APPROVED BY AN AFFIRMATIVE VOTE OF A~~
25 ~~MAJORITY OF:~~

26 ~~(1) THE BOARD OF DIRECTORS OF THE MARYLAND NONSTOCK~~
27 ~~CORPORATION; OR~~

28 ~~(2) THE TOTAL MEMBERS OF THE MARYLAND NONSTOCK~~
29 ~~CORPORATION.~~

30 ~~(C) NOTICE OF THE OUTCOME OF A VOTE ON A RESOLUTION UNDER THIS~~
31 ~~SECTION SHALL BE PROVIDED TO EACH MEMBER OF THE MARYLAND NONSTOCK~~
32 ~~CORPORATION.~~

1 ~~(D) A VOTE UNDER THIS SECTION SHALL BE CONDUCTED IN ACCORDANCE~~
2 ~~WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK CORPORATION~~
3 HOLD A VOTE TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING
4 CORPORATION NOT LATER THAN 30 DAYS AFTER PROVIDING NOTICE.

5 (2) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:

6 (I) INFORM THE MEMBERS THAT AN ELECTION TO CONVERT
7 THE MARYLAND NONSTOCK CORPORATION TO A COOPERATIVE LIMITED EQUITY
8 HOUSING CORPORATION WILL BE HELD NOT LATER THAN 30 DAYS AFTER DELIVERY
9 OF THE NOTICE; AND

10 (II) INCLUDE A COPY OF THE DOCUMENTS TO BE SUBMITTED TO
11 THE DEPARTMENT.

12 (B) (1) A VOTE TO CONVERT FROM A MARYLAND NONSTOCK
13 CORPORATION TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION SHALL
14 REQUIRE AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE TOTAL
15 MEMBERS.

16 (2) A VOTE UNDER THIS SUBSECTION SHALL BE CONDUCTED IN
17 ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK
18 CORPORATION.

19 (C) (1) IF AT LEAST TWO-THIRDS OF THE TOTAL MEMBERS OF THE
20 MARYLAND NONSTOCK CORPORATION VOTE TO CONVERT TO A COOPERATIVE
21 LIMITED EQUITY HOUSING CORPORATION, THE MARYLAND NONSTOCK
22 CORPORATION SHALL PREPARE AND SUBMIT TO THE DEPARTMENT THE REQUIRED
23 DOCUMENTS AND INFORMATION IN ACCORDANCE WITH § 5-6D-04 OF THIS
24 SUBTITLE.

25 (2) IF A VOTE TO CONVERT TO A COOPERATIVE LIMITED EQUITY
26 HOUSING CORPORATION UNDER SUBSECTION (B) OF THIS SECTION FAILS, THE
27 MARYLAND NONSTOCK CORPORATION MAY NOT ATTEMPT TO CONVERT TO A
28 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION FOR AT LEAST 12 MONTHS
29 AFTER THE DATE OF THE FAILED VOTE.

30 (D) ONCE A MARYLAND NONSTOCK CORPORATION IS CONVERTED TO A
31 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION, VOTES SHALL BE
32 ASSIGNED SO THAT EACH UNIT HAS ONE VOTE.

33 5-6D-04.

1 (A) FOLLOWING AN AFFIRMATIVE VOTE TO ~~APPLY FOR CONVERSION~~
2 CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE
3 CORPORATION, A MARYLAND NONSTOCK CORPORATION SHALL:

4 (1) ~~PREPARE~~ PREPARE AND SUBMIT TO THE DEPARTMENT THE
5 FOLLOWING DOCUMENTS AND INFORMATION FOR THE ESTABLISHMENT OF A
6 COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION:

7 ~~(I)~~ (I) ARTICLES OF INCORPORATION, INCLUDING:

8 ~~(I)~~ 1. THE NAME AND LOCATION OF THE COOPERATIVE
9 LIMITED EQUITY HOUSING COOPERATIVE; CORPORATION; AND

10 ~~(II)~~ 2. A STATEMENT OF THE PURPOSES OF THE
11 COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION; AND

12 ~~(III)~~ (II) ~~THE NAME AND ADDRESS OF THE MEMBERS OF THE~~
13 ~~MARYLAND NONSTOCK CORPORATION; ANY OTHER DOCUMENTS OR INFORMATION~~
14 REQUIRED BY THE DEPARTMENT; AND

15 (2) MAINTAIN:

16 (I) THE NAME AND ADDRESS OF THE MEMBERS OF THE
17 MARYLAND NONSTOCK CORPORATION;

18 (II) A DISCLOSURE STATEMENT, INCLUDING:

19 ~~(I)~~ 1. THE DATE ON WHICH THE AFFIRMATIVE VOTE TO
20 ~~APPLY FOR CONVERSION~~ CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING
21 CORPORATION TOOK PLACE;

22 ~~(II)~~ 2. A STATEMENT OF THE FORM OF OWNERSHIP OF ALL
23 REAL AND PERSONAL PROPERTY THAT IS INTENDED TO BE OWNED OR LEASED BY
24 THE COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION;

25 ~~(III)~~ 3. A STATEMENT OF THE PROJECTED COMPLETION
26 DATES FOR ANY PROPOSED IMPROVEMENTS;

27 ~~(IV)~~ 4. A STATEMENT OF THE PROJECTED DATE OF
28 FORMATION FOR THE COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE
29 CORPORATION;

30 ~~(V)~~ 5. A DESCRIPTION OF THE VOTING AND OTHER RIGHTS
31 IN THE COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION;

1 ~~(VI)~~ 6. A STATEMENT OF ANY FEES REQUIRED BY THE
2 LIMITED EQUITY HOUSING COOPERATIVE IN CONNECTION WITH THE TRANSFER OF
3 MEMBERSHIP OR ISSUANCE OF A PROPRIETARY LEASE;

4 ~~(VII)~~ 7. A STATEMENT OF THE KNOWN OR ANTICIPATED
5 COMMON CHARGES THAT MAY BE IMPOSED ON MEMBERS;

6 ~~(VIII)~~ 8. A STATEMENT OF THE OWNERSHIP INTEREST
7 ASSOCIATED WITH EACH UNIT AND THE UNDERLYING DEBT RESPONSIBILITY
8 ASSOCIATED WITH EACH UNIT ON A PRO RATA BASIS, IF APPLICABLE;

9 ~~(IX)~~ 9. A STATEMENT AS TO WHETHER THE COOPERATIVE
10 LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION HAS OR WILL OBTAIN
11 INSURANCE COVERAGE FOR CASUALTY, PROPERTY DAMAGE, AND PUBLIC LIABILITY
12 AND IN WHAT AMOUNTS;

13 ~~(X)~~ 10. A STATEMENT OF ALL WARRANTIES AND
14 DISCLAIMERS MADE DURING THE PURCHASE OF THE RESIDENTIAL RENTAL
15 FACILITY BY THE MARYLAND NONSTOCK CORPORATION; AND

16 ~~(XI)~~ 11. COPIES OF THE PROPOSED OR FINAL:

17 ~~1.~~ A. CONTRACT OF SALE FOR THE RESIDENTIAL RENTAL
18 FACILITY THAT IS THE SUBJECT OF THE REAL PROPERTY OF THE COOPERATIVE
19 LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION;

20 ~~2.~~ B. MEMBERSHIP CERTIFICATE;

21 ~~3.~~ C. PROPRIETARY LEASE;

22 ~~4.~~ D. RULES, IF ANY;

23 ~~5.~~ E. LEASE, OTHER THAN THE PROPRIETARY LEASE, TO A
24 THIRD PARTY OF REAL OR PERSONAL PROPERTY TO WHICH THE COOPERATIVE
25 LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION IS A PARTY; AND

26 ~~6.~~ F. IF APPLICABLE, NOTICE TO AFFECTED HOUSEHOLDS
27 THAT MAY BE REQUIRED UNDER ~~§ 5-6D-06~~ § 5-6D-05 OF THIS SUBTITLE;

28 ~~(3)~~ (III) AN ANNUAL OPERATING BUDGET, INCLUDING INSURANCE,
29 MAINTENANCE, RESERVES, AND GENERAL EXPENSES;

30 ~~(4)~~ (IV) BYLAWS; AND

1 ~~(5)~~ (V) A SHARE AGREEMENT; AND

2 ~~(6)~~ ANY OTHER DOCUMENTS OR INFORMATION REQUIRED BY THE
3 DEPARTMENT.

4 (B) STATEMENTS REQUIRED UNDER THIS SECTION MAY BE SUMMARIZED OR
5 PRODUCED IN A COLLECTION OF DOCUMENTS THAT EFFECTIVELY CONVEYS THE
6 REQUIRED INFORMATION.

7 ~~(C) (1) (i) A MARYLAND NONSTOCK CORPORATION SHALL FILE THE~~
8 ~~DISCLOSURE STATEMENT REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION~~
9 ~~WITH THE DEPARTMENT NOT LATER THAN 90 DAYS AFTER AN AFFIRMATIVE VOTE~~
10 ~~UNDER § 5-6D-03 THIS SUBTITLE.~~

11 ~~(H) THE DEPARTMENT MAY GRANT AN EXTENSION OF THE~~
12 ~~DEADLINE ESTABLISHED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THE~~
13 ~~MARYLAND NONSTOCK CORPORATION DEMONSTRATES A GOOD FAITH EFFORT TO~~
14 ~~PREPARE THE DOCUMENTS.~~

15 ~~(2) (i) A MARYLAND NONSTOCK CORPORATION MAY SUBMIT A~~
16 ~~REQUEST TO THE DEPARTMENT FOR A FULL OR PARTIAL WAIVER OF THE~~
17 ~~REQUIREMENT OF A DISCLOSURE STATEMENT UNDER PARAGRAPH (1) OF THIS~~
18 ~~SUBSECTION.~~

19 ~~(H) THE DEPARTMENT MAY GRANT A FULL OR PARTIAL WAIVER~~
20 ~~OF ONE OR MORE OF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION~~
21 ~~IF THE MARYLAND NONSTOCK CORPORATION MAKES GOOD FAITH EFFORTS TO~~
22 ~~SATISFY THE REQUIREMENTS.~~

23 ~~(D)~~ WITHIN 30 DAYS AFTER RECEIPT OF DOCUMENTS AND INFORMATION
24 PROVIDED BY A MARYLAND NONSTOCK CORPORATION IN ACCORDANCE WITH THIS
25 SECTION, THE DEPARTMENT SHALL:

26 (1) ~~CONDITIONALLY ACCEPT~~ ACCEPT THE DOCUMENTS FOR RECORD
27 ~~SUBJECT TO AN AFFIRMATIVE VOTE BY THE MARYLAND NONSTOCK CORPORATION~~
28 ~~TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE; OR~~

29 (2) IF THE DOCUMENTS AND INFORMATION DO NOT MEET THE
30 REQUIREMENTS OF THIS SECTION AND ANY ADDITIONAL REQUIREMENTS
31 ESTABLISHED BY THE DEPARTMENT, DENY THE DOCUMENTS FOR RECORD AND
32 NOTIFY THE MARYLAND NONSTOCK CORPORATION OF THE BASIS FOR THE DENIAL.

1 (D) ON RECEIPT OF A DENIAL UNDER SUBSECTION (C)(2) OF THIS SECTION,
2 A MARYLAND NONSTOCK CORPORATION MAY RESUBMIT THE DOCUMENTS AND
3 INFORMATION IN ORDER TO MEET THE REQUIREMENTS OF THIS SECTION.

4 ~~5-6D-05.~~

5 ~~(A) (1) IF THE DEPARTMENT CONDITIONALLY ACCEPTS A SUBMISSION~~
6 ~~UNDER § 5-6D-04 OF THIS SUBTITLE, THE MARYLAND NONSTOCK CORPORATION~~
7 ~~SHALL:~~

8 ~~(i) PROMPTLY NOTIFY EACH MEMBER OF THE ACCEPTANCE BY~~
9 ~~THE DEPARTMENT; AND~~

10 ~~(ii) HOLD A VOTE TO CONVERT TO A LIMITED EQUITY HOUSING~~
11 ~~COOPERATIVE NOT LATER THAN 30 DAYS AFTER PROVIDING NOTICE.~~

12 ~~(2) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:~~

13 ~~(i) INFORM THE MEMBERS THAT AN ELECTION TO CONVERT~~
14 ~~THE MARYLAND NONSTOCK CORPORATION TO A LIMITED EQUITY HOUSING~~
15 ~~COOPERATIVE WILL BE HELD NOT LATER THAN 30 DAYS AFTER DELIVERY OF THE~~
16 ~~NOTICE; AND~~

17 ~~(ii) INCLUDE A COPY OF THE DOCUMENTS CONDITIONALLY~~
18 ~~ACCEPTED BY THE DEPARTMENT.~~

19 ~~(B) (1) A VOTE TO CONVERT FROM A MARYLAND NONSTOCK~~
20 ~~CORPORATION TO A LIMITED EQUITY HOUSING COOPERATIVE SHALL REQUIRE AN~~
21 ~~AFFIRMATIVE VOTE OF AT LEAST TWO THIRDS OF THE TOTAL MEMBERS.~~

22 ~~(2) A VOTE UNDER THIS SUBSECTION SHALL BE CONDUCTED IN~~
23 ~~ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK~~
24 ~~CORPORATION.~~

25 ~~(C) (1) IF AT LEAST TWO THIRDS OF THE TOTAL MEMBERS OF THE~~
26 ~~MARYLAND NONSTOCK CORPORATION VOTE TO CONVERT TO A LIMITED EQUITY~~
27 ~~HOUSING COOPERATIVE, THE MARYLAND NONSTOCK CORPORATION SHALL:~~

28 ~~(i) NOTIFY THE DEPARTMENT; AND~~

29 ~~(ii) BE CONVERTED TO AND RECOGNIZED BY THE DEPARTMENT~~
30 ~~AS A LIMITED EQUITY HOUSING COOPERATIVE.~~

1 ~~(2) IF A VOTE TO CONVERT TO A LIMITED EQUITY HOUSING~~
2 ~~COOPERATIVE UNDER SUBSECTION (B) OF THIS SECTION FAILS, THE MARYLAND~~
3 ~~NONSTOCK CORPORATION MAY NOT ATTEMPT TO CONVERT TO A LIMITED EQUITY~~
4 ~~HOUSING COOPERATIVE FOR AT LEAST 12 MONTHS AFTER THE DATE OF THE FAILED~~
5 ~~VOTE.~~

6 ~~(D) ONCE A MARYLAND NONSTOCK CORPORATION IS CONVERTED TO A~~
7 ~~LIMITED EQUITY HOUSING COOPERATIVE, VOTES SHALL BE ASSIGNED SO THAT~~
8 ~~EACH UNIT HAS ONE VOTE.~~

9 ~~5-6D-06.~~

10 (A) IF A MARYLAND NONSTOCK CORPORATION VOTES TO CONVERT TO A
11 COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION, THE
12 COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION SHALL:

13 (1) OFFER THE OPPORTUNITY TO BECOME A MEMBER OF THE
14 LIMITED EQUITY HOUSING COOPERATIVE TO EACH HOUSEHOLD; AND

15 (2) ~~PROVIDE~~ PROVIDE WRITTEN NOTICE OF THE CONVERSION TO ANY
16 HOUSEHOLD THAT DOES NOT ACCEPT THE OFFER AND THAT WILL BE REQUIRED TO
17 VACATE A PORTION OF THE RESIDENTIAL RENTAL FACILITY USED AS A RESIDENCE
18 BY THE HOUSEHOLD.

19 (B) EXCEPT AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS SECTION, A
20 COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION MAY
21 REQUIRE A HOUSEHOLD TO VACATE NOT EARLIER THAN 90 DAYS AFTER RECEIPT OF
22 NOTICE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION.

23 (C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A
24 HOUSEHOLD MAY NOT BE REQUIRED TO VACATE A UNIT EARLIER THAN 12 MONTHS
25 FOLLOWING THE RECEIPT OF NOTICE TO VACATE UNDER SUBSECTION (A) OF THIS
26 SECTION IF, ON THE DATE THAT THE NOTICE IS GIVEN:

27 (1) A MEMBER OF THE HOUSEHOLD IS A DISABLED PERSON OR A
28 SENIOR CITIZEN WHO HAS BEEN A MEMBER OF THE HOUSEHOLD FOR AT LEAST 12
29 MONTHS IMMEDIATELY PRECEDING RECEIPT OF THE NOTICE TO VACATE; AND

30 (2) THE HOUSEHOLD:

31 (i) IS A LOW-INCOME HOUSEHOLD;

1 (II) NOTIFIES THE COOPERATIVE LIMITED EQUITY HOUSING
2 ~~COOPERATIVE~~ CORPORATION OF THE INTENT TO REMAIN IN THE UNIT FOR A PERIOD
3 OF MORE THAN 90 DAYS; AND

4 (III) SUBMITS THE NOTICE UNDER ITEM (II) OF THIS ITEM TO
5 THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION WITHIN
6 30 DAYS AFTER RECEIVING THE NOTICE TO VACATE.

7 (D) A HOUSEHOLD MAY BE REQUIRED TO VACATE THE PREMISES BEFORE
8 THE EXPIRATION OF ANY MINIMUM TIME PERIOD UNDER THIS SECTION IF THE
9 HOUSEHOLD:

10 (1) BREACHES A COVENANT IN THE LEASE OCCURRING BEFORE OR
11 AFTER THE NOTICE TO VACATE IS GIVEN; OR

12 (2) FAILS TO PAY RENT BEFORE OR AFTER THE NOTICE TO VACATE IS
13 GIVEN.

14 (E) A LOW-INCOME HOUSEHOLD THAT IS REQUIRED TO VACATE A UNIT
15 UNDER THIS SECTION SHALL RECEIVE REIMBURSEMENT FROM THE COOPERATIVE
16 LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION FOR MOVING EXPENSES
17 THAT:

18 (1) ARE ACTUALLY AND REASONABLY INCURRED; AND

19 (2) ARE AT LEAST \$375 BUT LESS THAN \$751.

20 ~~5-6D-07.~~ 5-6D-06.

21 (A) THE APPRECIATION AND RESALE OF A COOPERATIVE INTEREST MAY
22 NOT EXCEED THE COST PAID BY THE MEMBER FOR THE INITIAL COOPERATIVE
23 INTEREST, ADJUSTED FOR INFLATION PLUS THE COST OF IMPROVEMENTS TO THE
24 COOPERATIVE INTEREST MADE BY THE MEMBER THAT WERE APPROVED BY THE
25 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION.

26 (B) A COOPERATIVE INTEREST MAY BE SOLD ONLY TO A LOW-INCOME
27 HOUSEHOLD.

28 ~~5-6D-08.~~ 5-6D-07.

29 (A) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MAY:

30 (1) TO THE EXTENT APPLICABLE TO AND NOT INCONSISTENT WITH
31 THIS SUBTITLE, USING A STANDARDIZED METHODOLOGY, ESTABLISH ADDITIONAL

1 RIGHTS AND REQUIREMENTS FOR A COOPERATIVE LIMITED EQUITY HOUSING
 2 ~~COOPERATIVE~~ CORPORATION AND ITS MEMBERS BASED ON AN INDIVIDUALIZED
 3 ASSESSMENT OF THE COOPERATIVE;

4 (2) BASE A DETERMINATION UNDER ITEM (1) OF THIS SUBSECTION
 5 ON THE RIGHTS AND REQUIREMENTS FOR COOPERATIVE HOUSING CORPORATIONS
 6 AND THEIR MEMBERS UNDER SUBTITLE 6B OF THIS TITLE; AND

7 (3) ESTABLISH A PROGRAM TO PROVIDE GRANTS TO MARYLAND
 8 NONSTOCK CORPORATIONS TO PROMOTE THE ESTABLISHMENT OF COOPERATIVE
 9 LIMITED EQUITY HOUSING ~~COOPERATIVES~~ CORPORATIONS.

10 (B) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
 11 SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

12 ~~5-6D-09.~~ 5-6D-08.

13 (A) A COUNTY OR MUNICIPALITY MAY NOT IMPOSE RESTRICTIONS ON A
 14 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION.

15 (B) THE PROHIBITION IN SUBSECTION (A) OF THIS SECTION INCLUDES
 16 REQUIREMENTS THROUGH LOCAL LAW OR ORDINANCE THAT RESTRICT THE SALE OF
 17 RESIDENTIAL RENTAL FACILITIES TO A MARYLAND NONSTOCK CORPORATION THAT
 18 PLANS TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~
 19 CORPORATION.

20 ~~5-6D-10.~~ 5-6D-09.

21 THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS
 22 SUBTITLE AND ENSURE THE EFFECTIVE FUNCTIONING OF COOPERATIVE LIMITED
 23 EQUITY HOUSING ~~COOPERATIVES~~ CORPORATIONS.

24 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read~~
 25 ~~as follows:~~

26 ~~Article Tax Property~~

27 ~~7-308.~~

28 (A) ~~SUBJECT TO SUBSECTION (B) OF THIS SECTION, PROPERTY IS NOT~~
 29 ~~SUBJECT TO STATE PROPERTY TAX IF THE PROPERTY IS OWNED BY A LIMITED~~
 30 ~~EQUITY HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF~~
 31 ~~TITLE 5, SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.~~

1 ~~(B) THE EXEMPTION UNDER SUBSECTION (A) OF THIS SECTION APPLIES~~
 2 ~~ONLY FOR THE FIRST 5 TAXABLE YEARS THAT THE LIMITED EQUITY HOUSING~~
 3 ~~COOPERATIVE OWNS THE PROPERTY.~~

4 ~~9-275.~~

5 ~~(A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE~~
 6 ~~GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW,~~
 7 ~~A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION~~
 8 ~~PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED BY A LIMITED EQUITY~~
 9 ~~HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF TITLE 5,~~
 10 ~~SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.~~

11 ~~(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE~~
 12 ~~GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY~~
 13 ~~LAW, FOR:~~

14 ~~(1) THE AMOUNT AND DURATION OF THE TAX CREDIT UNDER THIS~~
 15 ~~SECTION;~~

16 ~~(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE TAX CREDIT UNDER~~
 17 ~~THIS SECTION;~~

18 ~~(3) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND~~
 19 ~~UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND~~

20 ~~(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX~~
 21 ~~CREDIT UNDER THIS SECTION.~~

22 ~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take~~
 23 ~~effect June 1, 2026, and shall be applicable to all taxable years beginning after June 30,~~
 24 ~~2026.~~

25 ~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That except as provided in~~
 26 ~~Section 3 of this Act, this Act shall take effect October 1, 2025 2026.~~