

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 360

(Prince George's County Delegation)

Environment and Transportation

Judicial Proceedings

Prince George's County - Community Associations - Registration Fees for
Administrative Hearing Process
PG 408-25

This bill requires the registration of all cooperative housing corporations, condominiums, and homeowners associations, commonly referred to as common ownership communities (COCs), in Prince George's County. The Prince George's County Executive must set an annual registration fee in an amount sufficient to adequately fund the cost to establish and administer the administrative hearing process by the Office of Community Relations (OCR), as specified. Additionally, the bill permits the county to establish certain additional fees for specified purposes. Among other provisions, the bill also prohibits unregistered or falsely registered persons from accessing the county's administrative hearing process until the person is properly registered. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations.

Local Effect: Prince George's County fee revenues and administrative expenditures increase, potentially significantly, beginning in FY 2026, as discussed below.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: Since January 1, 2011, State statute requires the Prince George's County OCR to maintain a Community Association *Managers* Registry. Any entity, including a sole proprietorship, that provides community association

management services for COCs in Prince George's County must register and renew annually by January 31. Each entity must pay an annual fee of \$100. A person who *willfully* violates, or causes another person to *willfully* violate, this requirement is guilty of a misdemeanor and, upon conviction, is subject to a fine of up to \$1,000; violations under the bill are also subject to this penalty provision.

The bill expands this registration requirement to all COCs located in Prince George's County and renames the registry as the Community Association Registry. The bill also repeals the \$100 fee required under existing statute, instead requiring the county executive to establish a fee in an amount sufficient to fund the cost to establish and administer the administrative hearing process by OCR. The fee may include (1) a per-unit charge for community associations to renew registrations; (2) fees for services relating to the administrative hearing process that seek to recover actual cost; and (3) a per-unit charge to developers for recording community association documents.

Fees collected must fund the administrative hearing process offered by the county for disputes between community associations and owners. This includes covering costs associated with technical assistance provided by OCR and the Commission on Common Ownership Communities in Prince George's County.

In addition to the annual registration fee, the bill authorizes the county to implement reasonable fees to cover the aforementioned costs related to the administrative hearing process and a per-unit charge to developers for document recording. The governing body of the COC is responsible for compliance with the bill's provisions.

For more information on COCs, see the **Appendix – Common Ownership Communities**.

Local Fiscal Effect: According to Prince George's County, the bill's changes necessitate three additional staff members in OCR to investigate cases, facilitate administrative hearings, and fulfill other administrative responsibilities. Consequently, county expenditures increase by approximately \$400,000 on an annual basis. These costs are assumed to be fully offset by fee revenues under the bill. For context, according to research conducted by Prince George's County into similar fees in other jurisdictions, Montgomery County assesses an annual fee of \$6.50 per unit per community, and collects approximately \$1.0 million from registration fees annually.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Prince George's County; Department of Legislative Services

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Appendix – Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, the person 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 (COC). 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 1.0 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 homeowner's 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 an individual 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. While a small number of local governments (Charles and Montgomery counties) created such offices before the report's publication, some local jurisdictions have since created programs to regulate or provide oversight of COCs. For example, Prince George's County created its Common Ownership Communities Program in 2007 to assist governing bodies, as well as owners and residents of HOAs, residential condominiums, and cooperative housing corporations, with education, training, and alternative dispute resolution.