

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1221 (Delegate Feldmark)
Environment and Transportation

Common Ownership Communities - Online Publication of Resale Disclosures

This bill requires the governing bodies of cooperative housing corporations, condominiums, and homeowners associations (HOAs), as well as property management companies of HOAs, to maintain specific information on their websites in a downloadable format and at no cost. The required information is exclusive of information pertaining to an individual unit or lot.

Fiscal Summary

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

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law: The bill generally requires the applicable entities to maintain the information discussed below on their websites, not including information pertaining to an individual unit or lot.

Condominiums: Under current law, a contract for the resale of a unit by a unit owner other than the developer is not enforceable unless the contract of sale contains a specific notice and the unit owner furnishes certain documents to the purchaser no later than 15 days prior to closing. In addition to other items, the unit owner must provide a certificate containing:

- a statement detailing the common expense assessment and any unpaid common expense or special assessment adopted by the council of unit owners that is due and payable from the selling unit owner;
- the most recent regularly prepared balance sheet and income expense statement, if any, of the condominium; and
- a statement of any unsatisfied judgments or pending lawsuits to which the council of unit owners is a party, excluding assessment collection actions.

The unit owner must also provide a copy of certain documents, including the declaration (other than the plats), the bylaws, and the rules or regulations of the condominium.

Cooperative Housing Corporations: A contract for the initial sale of a cooperative interest to a member of the public for residential use is not enforceable against the initial purchaser unless the purchaser receives a public offering statement containing all required information before or at the time the contract is entered into. The contract must also conspicuously notify the purchaser of the right to receive this statement, as well as applicable rescission rights. In addition to other items, the public offering statement must contain a statement:

- of the common charges, known or anticipated, however denominated, which may be levied against a member;
- as to whether the cooperative housing corporation has or will obtain insurance coverage for casualty, property damage, and public liability, and, if so, in what amounts; and
- whether and under what conditions units may be sublet or cooperative interests sold by members.

In addition to other documents, the public offering statement must also provide copies of relevant legal and financial documents, such as contracts, leases, governing documents, floor plans, and loan documents.

Homeowners Associations: A contract for the resale or initial sale of a lot within a development containing 12 or fewer lots to a member of the public who intends to occupy or rent the lot for residential purposes is not enforceable by the vendor unless specific conditions are met. For example, in addition to other items, the vendor must provide, in writing:

- a statement as to whether the lot is located within a development;
- information on the current monthly fees or assessments imposed by the HOA upon a lot; and

- a statement whether any of the fees, assessments, or other charges against the lot are delinquent.

In addition to other documents, the contract of sale must also provide copies of the articles of incorporation, the declaration, all recorded covenants and restrictions, the bylaws, and the rules of the development.

For additional information on cooperative housing corporations, condominiums, and HOAs, see the **Appendix – Common Ownership Communities**.

Additional Information

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

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2025
km/jkb

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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.