

February 12, 2020

The Honorable William C. Smith, Jr.  
Chairman, Judicial Proceedings Committee  
Miller Senate Office Building, 2E  
11 Bladen Street  
Annapolis, MD 21401

**RE: Opposition of Senate Bill 471 (Condominiums - Disclosures to Unit Owners and Prohibited Provisions in Instruments by Developers (Sunset Island Act))**

Dear Chairman Smith:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, opposes Senate Bill 471 (Condominiums - Disclosures to Unit Owners and Prohibited Provisions in Instruments by Developers (Sunset Island Act)) but offers an amendment.

This bill clarifies that a board of directors of a condominium may not withhold or agree to withhold from the unit owners information about any legal agreements to which the board is a party. This kind of disclosure is good practice and MBIA has no objection.

However, we are concerned with the language that changes the circumstances under which certain settlement provisions of disputed claims are unenforceable. The addition of “an agreement for the purpose of settling a disputed claim” in paragraph (c)(1) combined with (c)(1)(iv) means that the defendant developer cannot settle a condo defect case and get a release of all future claims. The addition of this language defeats the purpose of any settlement agreement and will make it virtually impossible to resolve condo defects cases. The amendment proffered by would alleviate this concern, and MBIA encourages the Committee to adopt it.

We also have concerns with any mention of “Prospective buyer”. While we do not oppose such information being disclosed in a disclosure packet, we do not think it is prudent to make available to all potential buyers. Specifically, if the defect has been corrected, this could unfairly hurt sales.

MBIA respectfully requests the Committee adopt these amendments and give this measure an favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Senate Judicial Proceedings Committee Members