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February 8, 2021

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Delegate Kumar P. Barve, Chair
Delegate Dana Stein, Vice Chair
Environment and Transportation Committee
House Office Building
Annapolis, Maryland 21401

Re: HB 825
Cooperative Housing Corporations - Dispute Settlement and Eviction Procedures
Position: SUPPORT
Hearing Date: February 16, 2021

Dear Chairman Barve, Vice Chair Stein, and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland.

MD-LAC supports HB 825. The bill repeals and reenacts with amendments Section 5-6B-30 and repeals section 5-6B-31 of the Maryland Cooperative Housing Act. The law was changed and significantly expanded during the 2014 Session (SB865). That 2014 bill provided for dispute settlement procedures mirroring the Maryland Condominium Act, except that it inexplicably wrapped in collection of operating costs (assessments or rent) in the dispute settlement process. This is not in the Condominium Act, or the Homeowners’ Association Act and it is not needed in the Cooperative Act.

Maryland Legislative Action Committee
Post Office Box 6636
Annapolis, Maryland 21401

Maryland Cooperatives are nonprofit non-stock corporations established to own and operate housing developments. Under the Cooperative's articles of incorporation, membership in the Cooperative is open only to persons who enter into a leasehold agreement for a housing unit in the Cooperative. Among the conditions of the leasehold agreements is that members pay operating costs (assessments or rent) for the nonprofit corporation.

Under Maryland law, if one of the members fails to pay his or her operating costs, **the Cooperative must follow Maryland Landlord Tenant law in order to evict.**

- 1) A judgment must be obtained in the District Court of Maryland for the unpaid "rent". In order to do this, the member must be served (which service is accomplished by the Sheriff).
- 2) If the judgment is not paid within 4 days of the date of the Court order, the Cooperative can file a petition for a warrant of restitution to start the eviction process.
- 3) Once the Court signs the warrant, it must be served on the member by the Sheriff.
- 4) Once served, the Cooperative has 60 days to schedule and eviction.
- 5) Once the eviction date is scheduled, the eviction notice must be posted on the cooperative unit AND mailed certified mail – return receipt to the member.
- 6) The member can redeem the property by paying the operating costs (rent) at any time until the eviction occurs.

The current law as written adds an additional process of notice and hearings for each member who has failed to pay operating costs to the cooperative prior to proceeding with an action to evict them for failure to pay rent under the due process already provided under Maryland landlord tenant codified law. **Because a lengthy process is already in place, i.e. Maryland Landlord Tenant law (Title 8 Md. Real Property Article), it is burdensome, expensive, unfair and time-consuming to require nonprofit Maryland Cooperatives to add a dispute settlement requirement prior to being able to start the process to collect its operating costs.**

House Bill 825 also remedies certain issues with regard to the dispute settlement procedure in general, by **providing an alleged violator with an opportunity for a hearing before the governing body, upon request, but not requiring a hearing for each alleged violation whether the alleged violator wants a hearing or not.** Once requested, the bill requires that the hearing be held upon not less than 10 days' additional notice. In the vast majority of cases where a hearing is required without request, notice of the hearing is served, the volunteer governing body is assembled, but the alleged violator does not attend thereby wasting time, money and effort. If no hearing is requested, then the bill as proposed requires that the governing body deliberate as to whether the violation occurred and what sanction, if any, to impose, at the next meeting.

We respectfully request that the Committee give HB 825 a favorable report. We are available to answer any questions the Committee Members may have. Please feel free to

contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at lisa.jones@mdlobbyist.com, Steven Randol, Chair of the MD-LAC, 410-279-8054, or by e-mail at srandol@pineorchard.com, or Kathleen M. Elmore, Assistant Treasurer, MD-LAC for Community Associations Institute at 410-544-6644, or by E-mail at kelmore@elmore-throop.com.

Sincerely,

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Ass't Treas., CAI MD-LAC

Steven Randol
Steven Randol
Chair, CAI MD-LAC