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Legislative District 22  
Prince George's County

Chair  
Rules and Executive  
Nominations Committee

Environment and Transportation  
Committee

Chair  
Local Government and  
Bi-County Issues Subcommittee



## THE MARYLAND HOUSE OF DELEGATES

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RE: House Bill 825 - Cooperative Housing Corporations - Dispute Settlement and Eviction Procedures

Mr. Chairman, Vice Chair and Members of the Committee:

In 2014 we passed legislation that provides for a dispute settlement procedure under the Maryland Cooperative Housing Act that is similar to the Maryland Condominium Act. However, the 2014 Bill also included the collection of assessments in the dispute settlement process. Such assessments are not included in the Condominium Act and should not be in the Co-operative Housing Act. HB 825 remedies that issue.

Section 5-6B-31 of the Co-operative Housing Act now prevents all co-operative housing projects that are no longer subject to a mortgage or deed of trust from filing any action in court to evict a member based on failure to pay assessments, unless 1) the member is delinquent for 3 months' or more; 2) the member has been given notice and a hearing before the Board; 3) the member has been given an opportunity to pay the arrearage, and 4) the member has failed to cure the delinquency. Cooperatives must follow Maryland Landlord Tenant law before any evictions may occur. The additional requirement for an administrative dispute settlement process unnecessarily delays and complicates the collection process for these non-profit cooperatives.

Unforeseen at the time the bill was adopted is the fact that cooperatives without any mortgage or deed of trust are almost always very old properties with high maintenance costs and leases that are old and outdated. These cooperatives provide low income housing for thousands of Marylanders. Because of the change in the law, it takes a minimum of 5 months to get a failure to pay assessments (rent) case into the courts. This creates a serious cash flow problem for these low-income facilities. Without the assessments from its members, the co-operative is unable to maintain adequate housing for these families.

This additional layer of procedure unnecessarily delays and complicates the collection of assessments. Maryland Landlord Tenant Law applies and provides adequate safeguards and due process for these members. Neither the Condominium Act nor the Maryland Homeowners Association Act requires any such additional due process layer in the collection of assessments to pay for the community's operations. The existing law and

courts already provide the due process necessary. **Maryland cooperatives must follow the landlord-tenant eviction processes that are already in place to protect tenants.**

In addition to seriously delaying the process, there is much additional cost incurred as well for service of notice of hearings on the delinquent member, and then mandatory hearings before the volunteer Board of Directors for the cooperative. All of this creates waste and expense and causes critical delay in satisfaction of the debt.

HB 825 deletes Section 5-6B-31 from the Co-op Act in entirety and puts co-operatives back **on equal footing with other Landlords and the Maryland Condominiums and Homeowners' Associations in the collection of the amounts needed to operate the property.**

HB 825 also amends the dispute settlement procedure by requiring that notices of alleged violations to be provided rather than served and provides the alleged violator with the opportunity to request a hearing rather than forcing a mandatory hearing.

I urge a favorable report and look forward to working with the Committee on the Bill.

A handwritten signature in black ink, appearing to read "Anne Healy". The signature is written in a cursive style with a large, sweeping flourish at the end.