

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Fax No.

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

March 23, 2022

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 40 – Condominiums – Disclosures to Unit Owners and Prohibited Provisions
in Instruments (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 40 submitted by Delegate Courtney Watson, et al. This bill is intended to prevent a condominium association from entering into legal agreements resolving disputed warranty claims without the knowledge of the unit owners.

Specifically, the bill provides that an association cannot enter into any such agreement in which the agreement is not made known to the unit owners and further prevents the terms of the agreements from being withheld from prospective purchasers. When the association is a party, the agreement concerns every unit owner and prospective unit owner. By keeping the terms of any such agreement from the current and prospective unit owners, these individuals cannot reasonably make informed decisions concerning their rights and obligations.

The Consumer Protection Division has received calls and complaints concerning the problems experienced by associations that have entered into legal agreements without informing the association members of all of the terms of the agreement due to a confidentiality clause in the agreement. Unit owners are angry at being misled about how their money has been used and how this affects their future interests. This bill provides for greater disclosure to community members and prospective purchasers.

For these reasons, we ask that the Judicial Proceedings Committee return a favorable report on this bill.

cc: The Honorable Courtney Watson
The Honorable Heather Bagnall
The Honorable Jen Terrasa
The Honorable Linda Foley
The Honorable Wayne A. Hartman
The Honorable Anne Healey
The Honorable Marvin E. Holmes, Jr.
The Honorable Jay Jalisi
The Honorable Mary A, Lehman
The Honorable Brooke E. Lierman
The Honorable Roxane Prettyman
Members, Judicial Proceedings Committee