

# **HB105 CAI Letter in Support 3-28.pdf**

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Position: FAV

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March 28, 2023

Hon. William Smith, Chair  
Hon. Jeff Waldstreicher, Vice-Chair  
Hon. Delegate Marvin E. Holmes, Sponsor  
Judicial Proceedings Committee  
2 East  
Miller Senate Office Building  
Annapolis, MD 21401

**Re: HB105 - Real Property - Condominiums and Homeowners Associations - Governing Bodies and Annual Meetings**

**Hearing: March 28, 2023**

**Position: SUPPORT**

Dear Chair Smith, Vice-Chair Waldstreicher, Delegate Holmes and Committee Members:

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

MD-LAC is writing today to voice our support for HB105. The bill requires that unit or lot owners have an opportunity to comment during certain meetings convened by the Board of Directors, the developer, or the declarant of a condominium or a homeowners association; requires the developer of a condominium to appoint a unit or lot owner, not otherwise affiliated with the developer, to the board within 30 days after the date on which units representing 25% of the votes have been conveyed by the developer to members of the public for residential purposes; etc. This bill also requires the developer to provide the unit or lot owner board member with certain information about the community. These measures will assure more transparency

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

and open governance of condominiums and homeowners' associations that are still under developer control.

We respectfully request that the Committee give HB105 a favorable report. We are available to answer any questions which you may have. Please feel free to contact any of the individuals listed: Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or [lisa.jones@mdlobbyist.com](mailto:lisa.jones@mdlobbyist.com); or Steven F. Dunn, CAI MD-LAC, at 301-347-1276 or [sfdunn@lercheearly.com](mailto:sfdunn@lercheearly.com); or Steven Randol, Chair, at 410-695-2183 or [srandol@pineyorchard.com](mailto:srandol@pineyorchard.com).

Sincerely,



Steven F. Dunn  
MD-LAC for CAI



Steven Randol  
Chairman

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.

# **HB 105 Crossover Support Letter .pdf**

Uploaded by: Karen Straughn

Position: FAV

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March 28, 2023

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

**From:** Karen S. Straughn  
Consumer Protection Division

**Re:** House Bill 105 – Real Property - Condominium and Homeowner Associations –  
Governing Bodies (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 105 sponsored by Delegate Marvin E. Holmes, Jr. This bill is intended to address situations that arise prior to the transfer of control to an association from the developer.

Specifically, the bill requires the developer to have two meetings a year so that association members can be informed about what is happening in their development. It further prevents the developer from comingling funds and requires the developer to name a homeowner or unit owner to the board once the development is 25% complete. Finally, it requires that the association members be given 30 days' notice prior to the release of any governmental bonds.

Preventing the comingling of funds will ensure that association funds are used for association business only and prevents the developer from using association funds for developer operating expenses. In addition, it helps to address concerns that arise prior to the transition of control of an association so that an association will be financially more stable following transition. It also is important in situations in which the developer fails to complete the development, leaving the homeowners to pick up the pieces.

By requiring the developer to name a homeowner or unit owner to the board who is not affiliated with the developer once the development is 25% complete, the community members are given a greater voice in their community and will hopefully be more knowledgeable about events

occurring in the development of their community. Finally, despite contentions by the developers that the community is not a party to the bonds, by providing information about the bonds and notice to the community prior to release of these bonds, it ensures that association members can notify the appropriate parties that the bond should not be released if the work is not completed.

The Consumer Protection Division has received calls and complaints concerning the problems experienced by associations that are preparing to take control from the developer and those that have recently transferred control only to discover many problems. Many residents claim that they have been kept in the dark as to what is happening in their community prior to the transfer of control. Others have transitioned control only to find that there is no money in any of the accounts and suspect that the developer has used assessment funds to pay its operating costs. We have also heard from communities advising that bonds on the roads have been released without their knowledge, yet the roads in the community remain in need of repair or completion. This bill provides for greater disclosure to community members and helps to ensure that these types of problems can no longer occur, or that a remedy exists if they do.

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

cc: The Honorable Marvin E. Holmes, Jr.  
Members, Judicial Proceedings Committee