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Hon. Delegate Marc Korman, Chair
Hon. Delegate Regina T. Boyce, Vice Chair
Hon. Delegate Jen Terrasa, Sponsor
Environment and Transportation Committee
251 House Office Building
6 Bladen Street
Annapolis, MD 21401

**Re: HB 1517 – Common Ownership Communities - Annual Registration With
Department of Housing and Community Development - Requirements
Hearing: March 15 2024 Position: Oppose**

Dear Chair Korman, Vice Chair Boyce, Delegate Terrasa, 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 condominiums, homeowners associations and cooperatives throughout the State of Maryland.

MD-LAC is writing today to voice our opposition for HB 1517. This bill would require community associations to register with the Department of Housing and Community Development, such registration including, without limitation, personal information of its volunteer directors and officers, require annual or more frequent updates to that registration, and authorize the imposition of fees and fines.

HB 1517 would impose draconian administrative burdens and increased expenses on community associations in Maryland, without any significant benefit provided to those community associations, their members, the state, or the general public. In addition, HB 1517 would create redundancies in agency reporting requirements that many community associations already follow.

First, the State already has most of the information about community associations that HB 1517 seeks to collect. Section 11-127 of the Real Property Article of the Annotated Code of Maryland requires all condominiums to be registered with the Maryland Secretary of State before initial sales. Section 11B-113 of the Real Property Article of the Annotated Code of Maryland requires all rules and regulations and other unrecorded documents of a homeowners association to be deposited in a “homeowners association depository” that is typically located within the Land Records of each Maryland state court house. In addition, the vast majority of homeowners associations and residential cooperative associations in Maryland are incorporated with the Maryland State Department of Assessments and Taxation (“*SDAT*”) and submit annual reports to *SDAT*. Moreover, the operative documents that establish these communities (e.g., Master Deed, Declaration, Bylaws, Plats, etc.) are recorded among the Land Records, as required by law. Recording of a document gives constructive notice of the document and its contents to the public; everyone is deemed to know that such a document exists and what that document says. MD Code Ann., REAL PROP. § 10-402. Therefore, the State, the members of community associations, and the general public have ample opportunities to find information about these community associations if they choose to do so, and legally, already have notice of much, if not all, of this information. HB 1517 would simply create a redundancy, at taxpayer expense, to gather information that is largely already publicly available.

Second, the requirements that HB 1517 would impose are unduly burdensome, especially in light of the fact that the benefits of HB 1517 (if enacted), are likely nominal at best. Boards of Directors of community associations are volunteers. While Board members are elected to specified terms, the volunteer nature of these Boards, and the fact that people sometimes sell their homes and/or do not always get along with their neighbors, means the Board membership is often fluid. Requiring annual reporting is onerous, and requiring more frequent than annual reporting for any interim changes in Board membership is extremely onerous; such requirements are not necessary, especially since many community associations are incorporated and already submit annual reports to *SDAT*.

Third, allowing the imposition of fees for such reports and fines for noncompliance is very heavy-handed, especially considering the information HB 1517 would require, is largely already publicly available.

Finally, since Board members are volunteers, the mandatory disclosure of their personal information raises serious privacy concerns. This would require Board member personal and contact information to be reported to the state. Recruiting and retaining Board members is often a challenge for community associations. As mentioned above Board member recruitment and retention is often challenging. Requiring volunteer Board members to report their personal information to the State, in addition to all the ways they have to report their information to the State, will only make it more difficult for community associations to recruit and retain Board members.

Accordingly, the MD-LAC respectfully request that the Committee does not give HB 1517 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 by email at lisa.jones@mdlobbyist.com; Vicki Caine, Chair 215-806-9143, or MDLacChair1@gmail.com.

Sincerely,

Steven Dunn, Esq.
Vice-Chair, CAI MD-LAC

Vicki Caine
Chair, CAI MD-LAC

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.

Maryland Legislative Action Committee
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