

JEN TERRASA
Legislative District 13
Howard County

Environment and Transportation
Committee

House Chair

Joint Committee on Children,
Youth, and Families



Annapolis Office
The Maryland House of Delegates
6 Bladen Street, Room 217
Annapolis, Maryland 21401
410-841-3246 · 301-858-3246
800-492-7122 Ext. 3246
Jen.Terrasa@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 27, 2024

To: The Honorable Marc Korman
Chair, Environment and Transportation Committee

From: Delegate Jen Terrasa
District 13, Howard County

Re: Sponsor Testimony in Support of HB1039, Condominiums and
Homeowners Associations – Resale Contracts – Notice Requirements

Dear Chairman Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee,

Thank you for the opportunity to present HB1039, which addresses several provisions in the Condo and HOA resale process.

First, this bill clarifies what constitutes delivery of required resale packages, which determines when certain cancellation timeframes for buyers go into effect. Second, HB1039 reduces the timeframes for Associations to deliver documents to purchasers and reduces expedited delivery timeframes to reflect that this process is now largely digital.

Most importantly, this bill seeks to enforce the maximum fees that may be charged to a buyer for the resale packet to only those that are listed in statute. Unfortunately, right now buyers are subject to any number of additional fees above what is supposed to be allowed.

I became more familiar with the resale package process last year when I sold my home in a "For Sale By Owner" sale and got a unique look at what realtors have been concerned about for years.

Here's some background: If a homeowner belongs to an HOA or condominium association and is selling their home, they are required by law to obtain a resale package which will notify the potential buyer of important information about both the individual home being purchased and the financial standing of the association. It

provides an important level of transparency and consists of the governing documents of an association as well as information about potential litigation, special assessments that may be forthcoming, and other important information that may affect a potential buyer's purchase decision.

But what happens is, instead of just sending the required documents to the homeowner, community management companies have contracted out to third party companies that charge significant fees to obtain them. Several years ago, Delegate Holmes sponsored a bill on this issue and worked out an agreement with the realtors and Community Associations Institute. But what has happened since then is that these 3rd party companies are adding on additional fees for a number of things including expediting documents so that they are delivered in the time frame required by law. All these fees can really add up to hundreds of dollars and contribute to making housing less affordable.

The amount of these fees do not accurately reflect the amount of work being done. In 2024, the process of compiling the resale package no longer requires a lot of labor. Delivery of these documents is done electronically - gone are the days when someone has to physically pull files and then stand at a copier and manually copy them. In fact, I received my documents as most people do - by email. So, after verifying the documents that the company is responsible for keeping are current, someone merely had to click send.

HB1039 is a reasonable bill that helps clarify timelines for complying with the law and keeps homeowners from getting gauged by exorbitant fees during a significant financial transaction when they are selling their home.

I respectfully urge a favorable report.