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Senator William C. Smith, Jr., Chair
Hon. Senator Jeff Waldstreicher, Vice Chair, Sponsor
Judicial Proceedings Committee
Miller Senate Office Building
2 East
Annapolis, MD 21401

Re: SB 898 – Condominiums and Homeowners Associations - Resale Contracts - Notice Requirements
Hearing: March 7, 2024 **Position: Oppose**

Dear Chair Smith & Vice Chair Waldstreicher, 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 SB 898, which would make major changes to the use of resale certificates for the purchase and sale of dwelling units in community associations (homeowners associations and condominiums). Many of these changes would be unduly burdensome on community associations, and would expose these associations to potential liability. As you may know, the resale certificate is an important part of the home buying process, which allows a potential home buyer access to certain, statutorily authorized information from the community association to assist the home buyer with due diligence, and allows the home buyer to cancel the contract within a certain period of time based on their review of the resale certificate. This bill would change this process in several ways that will adversely impact the associations (and their professionals) who provide these certificates.

First, this bill proposes to reduce the time for a common interest community to produce a resale certificate after a request from twenty (20) to ten (10) days after receiving the request. The proposed ten (10) day period is not qualified as business days, so we must assume it is calendar

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days, and is not long enough to allow an association to conduct the investigation it needs to provide accurate and complete statements in the resale certificate. This timing concern may be exasperated if a resale certificate is requested before a holiday. Since associations are bound by the statements they make in resale certificates, it is very important that they are not rushed in responding.

Second, this bill proposes to limit the fees that associations may charge to provide these resale certificates on an expedited basis: an association can only charge a fee of \$100.00 dollars if it responds within five (5) days, rather than \$50 days if delivered within 14 days or \$100 if delivered within 7 days under current law. As discussed above, it is very important that associations be able to carefully research the statements they must make in a resale certificate, and limiting these fees as proposed will make it more difficult to respond accurately. Requiring a 5 calendar day response time to charge an expediting fee will not only hurt the ability of associations to respond accurately, it will make it harder for buyers and sellers to get these certificates on an expedited basis.

Finally, this bill proposes to change the timing that a seller must provide the resale certificate from “within 20 calendar days of entering into the contract” to “not later than 15 days before closing”.

This change places the association, which is not a party to a purchase and sale contract, and certainly and did not negotiate the closing date thereunder, in a position to unknowingly delay closing or cause one party under the purchase and sale contract to default. This exposes the association to litigation if the association does not provide the certificate far enough ahead of closing if the deal falls through.

Accordingly, the MD-LAC respectfully request that the Committee does not give SB 898 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.

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