



Montgomery County

Office of Intergovernmental Relations

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SB 898

DATE: March 7, 2024

SPONSOR: Senator Waldstreicher

ASSIGNED TO: Judicial Proceedings

CONTACT PERSON: Leslie Frey

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POSITION: FAVORABLE WITH AMENDMENTS (Department of Housing and Community Affairs)

Condominiums and Homeowners Associations - Resale Contracts - Notice Requirements

Under current law, a contract for the resale of a condominium unit by a unit owner other than the developer is not enforceable unless the contract contains a certain notice provided in statute and the unit owner furnishes the notice to the purchaser of the unit. Senate Bill 898 would allow the notice to be provided to the purchaser's real estate agent in lieu of to the purchaser. Additionally, the bill provides that the Council of unit owners may charge reasonable fees of up to \$100 for delivery of a certificate containing the information necessary to inform the purchaser of certain information relating to the condominium's council of unit owners, and of up to \$50 for a financial update ordered by the settlement agent. The bill also alters from 5 to 7 days the time period within which a purchaser may cancel a contract under the bill if the required information is not provided, among other provisions.

The Montgomery County Department of Housing and Community Affairs (DHCA) houses the county's Office of Common Ownership Communities, which provides owners, tenants, residents, boards of directors, and management companies of self-governing residential communities with information, assistance, and impartial dispute resolution programming. DHCA respectfully requests that Senate Bill 898 be amended to change that the notice requirements under the bill that may be provided to either the purchaser or the purchaser's real estate agent be instead provided to **both** the purchaser and the purchaser's real estate agent. Additionally, DHCA asks the bill be amended to reflect that the fees created by the bill should be limited to the actual costs incurred by the Council to provide the certificate and the financial update.

DHCA believes that Montgomery County Common Ownership Communities residents would be harmed by the change to allow required information to be provided solely to purchaser's real estate agent. Current law provides a certifiable delivery of critical information about the Common Ownership Community's requirements and rights of homeownership as well as financial and property information critical to making an informed decision about purchasing a unit. Real estate agents have a conflict of interest with respect to prospective purchasers receiving full information, as negative information could cause cancellation of sale and subsequent loss of commission to the agent. As a safeguard, amending the bill to also notify the purchaser ensures that the purchaser receives every opportunity to be informed of the notice. The amendment to limit the fees charged by the Council would ensure that not only are the fees reasonable, they are not an opportunity for the Council to charge the purchaser for costs that are not actually incurred.

Montgomery County DHCA respectfully requests a favorable report on Senate 898 with these amendments.