

SB 665 Support Letter.pdf

Uploaded by: Karen Straughn

Position: FAV

CANDACE McLAREN LANHAM
Chief Deputy Attorney General

CAROLYN A. QUATTROCKI
Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CHRISTIAN E. BARRERA
Chief Operating Officer

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

PETER V. BERNS
General Counsel



ANTHONY G. BROWN
Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Direct Dial No.

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

February 16, 2024

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

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 665 – Maryland Condominium Act – Amendments to the Declaration (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 665 sponsored by Senator Nick Charles. This bill reduces the percentage of unit owners needed to amend a declaration from 80% to 66 2/3%. This bill would not apply when the association is still under developer control.

The declaration for a condominium association is written by the developer at the inception of development. Many times, there are provisions in a declaration which are purposefully intended to support the developer. However, once the developer turns over control of the association to the unit owners, these provisions remain in place, even though they may not be in the best interest of the community. Despite this, it is often difficult for the association members to obtain the percentage support needed to revise these provisions due to apathy, lack of understanding or even mere difficulty reaching unit owners about the vote. By reducing the necessary percentage from 80% to 66 2/3%, it ensures that any changes made are still acceptable to the substantial majority of the association members, but that the threshold to remove or change the provisions is not prohibitive.

The Consumer Protection Division receives complaints from common ownership community members who feel the provisions in their declaration are unjust, but advise they are unable to

obtain the necessary votes to make a change. Often these provisions give special treatment to developers in the handling of the association even after control has been transferred. This bill would more easily enable association members to control their own communities and make changes that are in the best interest of the community.

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

cc: The Honorable Nick Charles
Members, Judicial Proceedings Committee

MBIA Letter of Support SB665.pdf

Uploaded by: Lori Graf

Position: FAV

February 7, 2024

The Honorable William C. Smith Jr.
Chairman, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: MBIA Letter of Support SB665- Maryland Condominium Act- Amendments to the Declaration

Dear Chairman Smith,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 665- Maryland Condominium Act- Amendments to the Declaration**. MBIA Supports the Act in its current version.

MBIA appreciates that the Sponsor has worked with us over the last couple of years on this Legislation. We support the legislation, as we understand the challenges of Amending declarations. However, when the Developer still owns units there is still units being sold and investments made on amenities and other items with in the community.

For these reasons, MBIA respectfully urges the Committee to give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee

SB665 Testimony.pdf

Uploaded by: Senator Nick Charles

Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB665: Maryland Condominium Act - Amendments to the Declaration
Favorable

Good afternoon, Chair Smith, Vice Chairman Waldstreicher and honorable members of the Judicial Proceedings Committee,

For the record, I am Senator Nick Charles testifying in support of Senate Bill 665. This proposed modification will permit the Boards and Council of unit owners to make amendments to their community's Declaration of Covenants, with a supermajority of 66 2/3% of unit owners, as opposed to the current requirement that 80% of unit owners or mortgagees must support any proposed amendment or change in their community's declaration.

The current requirement under the Real Property Statute of requiring 80% of unit owners and/or mortgagees to support any change is *exhaustive*. It presents an insurmountable barrier to enact reasonable change, particularly if and when there are lopsided benefits to maintaining the status quo for some unit owners at the expense of others, such as in the definition of common elements and how a community's dues are calculated and enforced.

In most communities, it is virtually impossible for 80% of unit owners and mortgagees to agree on things; yet, change and evolution are inevitable and healthy for any community to thrive. In 2017, section 11-104 of the Real Property Statute was similarly amended, and it was amended for the same reasons- to make it easier for communities to amend their governing documents, such as their Bylaws. It is imperative that a similar modification to section 11-103 (C) (1) (i) of the Real Property Statute be approved and applied so that amendments to a community's declaration of covenants can be approved with just a supermajority of 66 2/3% of votes from unit owners and mortgagees. The changes being proposed to Section 11-103 (C) (1) (i) focus solely on the voting requirement for the undivided percentage interest in the common elements as defined in a community's declaration and leave the other provisions in the current statute as they are and without disruption to the 100% voting requirement for changes in such definitions as the boundaries of units and liability for common expense. This change will undoubtedly ensure that communities can continue to thrive without being impeded by unrealistic voting thresholds that are impossible to meet.

This Bill is a revised version of a Bill last Session and considers the concerns regarding this new voting threshold being used to change an owner's stake in the property, as well as accounts for other exceptions that would pose significant interference to the property owner's rights. These

exceptions outlined in the current version of the Bill eliminates the worry that the new threshold would allow for discrimination or harassment to occur more easily.

I urge a favorable report. Thank you,

Senator Nick Charles

A handwritten signature in black ink that reads "Nick Charles". The signature is written in a cursive style with a prominent "N" and "C".