

Maryland Legislative Action Committee The Legislative Voice of Maryland Community Association Homeowners

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March 6, 2025

Marc.Korman@house.state.md.us regina.boyce@house.state.md.us

Delegate Marc Korman, Chair Delegate Regina T. Boyce, Vice-Chair Environment and Transportation Committee 250 Taylor House Office Building Annapolis, Maryland 21401

Re: House Bill 1534

Condominiums and Homeowners Associations – Elections, Financial Statements, and Enforcement Hearing Date: March 12, 2025, at 1:00 p.m.

Position: Oppose

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

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 community associations (condominiums, homeowners' associations, and cooperatives) throughout the State of Maryland.

We write on behalf of the Maryland residents statewide who reside in common ownership communities to voice our opposition to the above-referenced legislation, which is scheduled for hearing before your Committee on March 12, 2025, at 1:00 p.m.

Page 2, House Bill 1534 Community Associations Institute

The requirements in HB1534 create an undue burden on the functioning of an Association in several ways. There is no mechanism and authority to certify if a unit owner is compliant with Section 11-109(c)(17)(II) and 11B-118(A)(1), electioneering and conflict of interest. These requirements increase costs; such as hiring a third party or additional staff time required to arrange for a third party, not to mention, additional administrative costs associated with the increased bureaucracy required to comply with the statute.

The statement "representatives of the condominium's property management are not independent parties" suggests that management will act in bad faith and will not conduct the election in the management agreement with honesty and integrity, adhering to with the ethical standards of CAI. The word "accountability" is not defined leading one to believe that accountability will be established in regulations that may be created in the future.

This statute would require an Association to hire a third party to conduct the election; thereby, increasing the costs to conduct an election. That cost is passed to the unit owners of the Association. Additional management staff time to arrange for and coordinate the third party increases costs that are passed to the homeowner.

Section 11-109(c)(21)(II) and Section 11B-118(D) prohibits the governing body to infringe on the rights of the unit owner that are "guaranteed under the law". This and many other provisions in this bill are already codified in the law and the association's governing documents. CAI public policy opposes laws and regulations that nullify the association's governing documents. Some governing documents have very well-defined election procedures that provide more transparency and owner oversight than outlined in this proposed statute.

Section 11-116(d)(1(II)(2) is regarding examination of an association's books and records. The requirements for unit owner document review is already required under the law. Specifically prohibiting unit owner charges for provision of the financial documents may also increase costs to associations and, thereby, unit owners' due to the costs of management administrative staff to accommodate a unit owner's requests for financial statement review.

For the foregoing reasons, we request an <u>unfavorable</u> recommendation by this committee. Thank you for your time and attention to this important legislation.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at lisa.jones@mdlobbyist.com, or Brenda Wakefield, of the MD-LAC, at 410-703-8688, or by e-mail at Brenda.wakefield@WAMCS.com.

Sincerely,

Vicki Caine

Chair, CAI MD - LAC

Brenda Wakefield

Secretary, CAI MD - LAC

cc:

Delegate Marvin E. Holmes, Jr. Sponsor marvin.holmes@house.state.md.us

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.

Page 3, Senate Bill 787 Community Associations Institute

Simply put, from a procedural standpoint, the passage SB 787, as drafted, would create needless confusion, particularly if the pending HB 292/SB 63 were also passed. Substantively, there is no rationale to exclude items from a reserve study that might cost less than \$10,000 to replace. Neither would it be in any community's best interest to broaden the field of potential reserve advisors—already a highly specialized niche—to include electricians, plumbers and home improvement contractors, none of whom possesses the requisite experience, training or qualifications to prepare a replacement reserve study for a cooperative or condominium. Finally, the passage of SB 787, which fails to amend existing provisions of the Maryland Homeowners Association Act, will result in an inconsistent legislative and regulatory framework within the State.

For the foregoing reasons, we request an <u>unfavorable</u> recommendation by this Committee. Thank you for your time and attention to this important legislation.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at lisa.jones@mdlobbyist.com, or Scott Silverman, of the MD-LAC, at 301-251-1414, or by e-mail at ssilverman@schildlaw.com.

Sincerely,

Scott J. Silverman

Vickie Caine

Scott J. Silverman, Esq. Member, CAI MD-LAC

Vicki Caine Chair, CAI MD-LAC