

Testimony on SB71 - January 17, 2025.pdf

Uploaded by: Alex Hekimian

Position: FAV

Testimony on SB71 - Task Force on Common Ownership Communities
Judicial Proceedings Committee
by Alex Hekimian

I'm a long-time resident of Columbia and President of the Holly Court Community Association. I served on the General Assembly's Task Force on Common Ownership Communities back in 2005, and also served on a smaller comparable task force that Delegate Marvin Holmes formed in 2021. I am generally in favor of SB71, however I am concerned that too many important recommendations from the previous task forces have not resulted in new legislation.

In recent years, the General Assembly has identified a clear need to upgrade the state laws relating to the many common ownership communities in Maryland. The previous task forces were charged with preparing proposals for properly governing and protecting residents of such communities from abuses by these quasi-governments. However, after all of these years, many of those proposals that continue to be relevant are still awaiting passage by the General Assembly.

In conclusion, while I recommend a favorable report on SB71, I also request that the Judicial Proceedings Committee move forward with favorable reports on other common ownership communities bills inspired by the previous task forces.

Sydnor_testimony SB71 Fav.pdf

Uploaded by: Charles E. Sydnor III

Position: FAV

CHARLES E. SYDNOR III, ESQ.
Legislative District 44
Baltimore County

DEPUTY MAJORITY WHIP

Judicial Proceedings Committee
Executive Nominations Committee

Joint Committees

Administrative, Executive, and
Legislative Review

Children, Youth, and Families

Senate Chair, Legislative Ethics



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony for Senate Bill 71
Taskforce on Common Ownership Communities
Before the Judicial Proceedings Committee
January 21, 2025**

Good afternoon, Chair Smith and members of the Judicial Proceedings Committee,

A growing number of homes in Maryland are located in common ownership communities (“COCs”) – i.e., condominiums, cooperatives and homeowners’ associations. COCs are designed to give homeowners control over services and amenities that might otherwise be provided by local governments. However, these communities present unique issues that non-COCs do not have to address.

Twenty years ago, my mentor and former Vice Chair of this Committee, Senator Delores Kelley, introduced and passed Senate Bill 229 (Chapter 469 of 2005) establishing a 26-member Task Force on Common Ownership Communities. Ultimately, the task force examined several issues¹ relevant to COCs and published its final report with several recommendations.

Its findings were the basis for a couple of bills since 2006 with the goal of improving the operation of COCs:

- HB 906 (Chapter 688 of 2012) authorized Prince George's County, by ordinance, to impose and collect a fee for the provision of administrative hearing services for the resolution of disputes involving a common ownership community located in the county.
- HB 844 (Chapter 216 of 2023) required the Department of Housing and Community Development to establish and maintain a website that provides certain information on the rights and responsibilities of individuals living in a common ownership community.

In the vein of Chapter 469 of 2005, Senate Bill 71 creates a 17-member Task Force on Common Ownership Communities to study five topics, including:

¹ They included education and training needs, alternative dispute resolution services, the desirability of adopting provisions of the Uniform Common Interest Ownership Act of 1994, issues facing aging COCs, issues facing the collection of assessments, and issues relating to the resale by owners of homes in COCs.

- (1) the education and training needs of common ownership community boards and new and prospective owners of homes and dwelling units in common ownership communities.²
- (2) the feasibility of establishing statewide alternative dispute resolution services for common ownership communities.³
- (3) the advisability of creating a permanent State Commission on Common Ownership Communities;
- (4) the feasibility of requiring Common Ownership Community managers to be licensed; and
- (5) best practices related to common ownership community election processes and governance.

Service on this Task Force will require that members have specified professional experience or relationships to common ownership communities. Two members are appointed by the Senate President, four members are appointed by the Speaker, and seven members are appointed by the Governor. There are others Task Force members representing various groups who have an interest in COCs.

The bill directs the Attorney General's Office to provide staffing for the Task Force. The Task Force is to submit a final report to the Governor and the General Assembly by December 31, 2026.

There remains an opportunity for more progress to be made by studying best practices currently in place and establishing statewide educational resources and COC manager oversight. Establishing the Task Force on Common Ownership Communities will assist us to identify relevant issues and opportunities to better support these communities. Therefore, I ask that we provide SB 71 a favorable report.

² This includes: (i) creation and dissemination of information on the best practices for common ownership community governing boards; and (ii) options for providing classes and brochures through a State agency or an institution regulated by the Maryland Higher Education Commission on: 1. the responsibilities of members of common ownership community governing boards; and 2. the obligations and rights of owners of homes and dwelling units in common ownership communities;

³ This includes (i) providing resources to the Office of the Attorney General for enforcement of laws related to common ownership communities; and (ii) offering assistance and guidance to owners of homes and dwelling units in common ownership communities prior to litigation.

SB 71 Support with Amendments.pdf

Uploaded by: Karen Straughn

Position: FWA



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January 21, 2025

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

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 71 – Task Force on Common Ownership Communities (SUPPORT WITH
AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 71 submitted by Senator Charles E. Sydnor, III with amendments. This bill establishes a task force on common ownership communities to study the education and training needs of boards and new owners, as well as issues impacting common ownership communities. We recommend an amendment to consider adding a designee of the Maryland Higher Education Commission to the task force because the bill recommends study of providing classes and brochures on the subject by this state agency. In addition, we recommend that the staffing of this task force be handled by the Department of Housing and Community Development instead of the Office of the Attorney General

Common ownership communities have been in existence for decades, but the concerns and issues facing them continue to grow. In 2006, a task force was established to define the key issues which impacted the health and viability of common ownership communities, analyze six areas of significant problems at that time, and build consensus regarding balanced and affordable reforms for recommendation. Since that time, there have been numerous laws passed to assist these communities, but the complexity of common ownership communities requires further study to be able to meet the growing needs.

This bill would consider training and education for governing boards, conflict management processes, the collection of assessments, resources to assist the communities and the transfer

from developers to associations, among many others. This would aid in developing new laws to assist communities to ensure that they remain viable and responsive to the needs of their members.

The Office of the Attorney General recommends considering adding a designee of the Maryland Higher Education Commission to the task force due to the fact that the bill requires the task force to study whether this state agency should provide classes and brochures for common ownership communities. In addition, the bill currently requires the Office of the Attorney General to staff this task force, however, we do not currently have the resources to be able to staff this taskforce for a 2-year period and would require a full-time administrator be added to be able to staff this task force for its duration.

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

cc: The Honorable Charles E. Sydnor, III
Members, Judicial Proceedings Committee

SB 71- Condo Task Force - FWA - REALTORS.pdf

Uploaded by: Lisa May

Position: FWA



Senate Bill 71 – Task Force on Common Ownership Communities

Position: Support with Amendment

Maryland REALTORS® strongly supports SB 71, to create a Task Force to examine issues surrounding Common Ownership Communities. However, we believe there are enhancements that can be made to the scope and membership of that Task Force to make it more effective for the 1 million residents of Maryland's CoCs.

Real estate transactions can be greatly impacted by the operations of Common Ownership Communities. Those include timely delivery of documents and statements to sellers and buyers; the content of those statements and documents; the consequences of untimely delivery, including rescission of the contract to purchase; and coordination of this process for properties subject to more than one community association. Therefore, we believe the addition of a REALTOR® active in CoC resale transactions would be beneficial.

In addition to the above, Maryland REALTORS® receives many questions and complaints related to fees charged by communities and their management companies which exceed the amounts prescribed in the code, as well as difficulties in determining which properties belong to which Common Ownership Community and which association management company.

REALTORS® have supported greater oversight in this area for several years through the licensing of association managers and the creation of a statewide registry of communities, though neither has yet passed the General Assembly. The Task Force could prove useful in examining how other states conduct oversight of CoCs and their professional management companies and recommending future action for the General Assembly.

This is an area of real estate in great need of attention. With the addition of a REALTOR® representative on the Task Force and inclusion of the above study areas, Maryland REALTORS® recommends a favorable report on SB 71.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

MBIA Letter of Support with Amendments SB71.pdf

Uploaded by: Lori Graf

Position: FWA

January 16th, 2025

The Honorable William C. Smith, Jr.
Chairman, Senate Judicial Proceedings Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: MBIA Letter of Support with Amendment SB 71 Task Force on Common Ownership Communities

Dear Chairman Smith,

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 71 Task Force on Common Ownership Communities**.

MBIA supports this measure, and we are honored to be selected for this task force. We are excited to work with fellow members of the task force to study the education and training needs of common ownership community boards and new and prospective owners of homes and dwelling units in common ownership communities.

We request that the Committee make the following amendment to reflect the correct name of our organization:

On Page 3 lines 1-2, please strike Maryland State Builders Association and replace it with Maryland Building Industry Association.

For these reasons, we respectfully request the Committee give this measure a favorable report with our amendment. 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

Maryland Legislature - 2025 SB71 _ HB294 Testimony

Uploaded by: Steve Horvath

Position: FWA



HOMEOWNERS
OF AMERICA
UNITED

January 17, 2025

**Testimony for
2025 SB71 / HB294 - Task Force on Common Ownership Communities**

Dear Chair Smith and Senators of the Judicial Proceedings Committee,

My name is Steve Horvath from HOA United. *Homeowners of America United* is a nonprofit organization funded entirely by member donations that connects homeowners to provide advocacy, collaboration, education, empowerment, and inspiration to create positive, transformative impacts for common interest communities. A number of our members are Maryland COC homeowners.

Before deciding to authorize a Task Force for Maryland COCs to study education and training, alternative dispute resolution (ADR), establishing a permanent state commission, manager licensure and best practices, please avail yourselves of a cornucopia of academic and legislative resources about these topics, including [recent task forces and working groups in other states](#).

While there is no doubt that additional study of certain topics can have benefits, the overarching outcome of condo, co-op and HOA task forces across the nation is twofold: 1) a delay in passing legislation waiting for a report and 2) little to no change in the status quo whereby meaningful reforms requested by homeowners and homeowner-centric organizations will be met with adversity from the business industry primarily led by the Community Associations Institute (CAI). To wit, the Maryland legislature has previously declined to pass several reforms related to this proposed task force. This is the latest attempt to establish a task force following [2023 HB423 / SB894](#), and [2024 HB286](#). Will a formal report change hearts and minds?

Maryland has previously adopted a number of reasonable requirements for open meetings, rule-making and other topics and would be wise to forego further study and

instead pass legislation replicating additional reforms successfully implemented in states such as Arizona, California, Colorado, Florida, Nevada, Texas and Washington.

Thank you for considering testimony from *HOA United*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Horvath". The signature is fluid and cursive, with the first name "Steve" and last name "Horvath" clearly distinguishable.

Steve Horvath
Co-Founder, HOA United

Director Education Requirements

- Connecticut [recommends training](#)
- Florida requires education for board members ([condominiums](#) and [HOAs](#))
- New Mexico has a [written certification requirement](#) for board members

Alternative Dispute Resolution

- Please see [HOA United ADR recommendations](#) that includes a cornucopia of information including a [link to this table of remedies available in every state](#).
- Learn from [Montgomery County](#) and [Prince George's County](#) OCOCs.

Manager & Management Licensure

- Licensure without stringent requirements, regular supervision and remedies supported by a state agency will not materially change the significant power imbalance in COCs, nor improve the lack of accountability on the part of managers and management companies.
 - Ontario, Canada's [Condominium Management Regulatory Authority CMRAO](#) has the most robust system of oversight in North America.
 - [Links to state manager and management licensure requirements](#) (far right column).

Creating a Permanent State Commission

- Collecting and aggregating information is not enough. A state commission must be resourced to directly intervene in disputes and adjudicate wrongdoing.
 - Former Florida Condominium Ombudsman Spencer Hennings [called the state's DBPR \(pre-2024 reforms\) a "toothless tiger."](#)

"I think it's quite confusing to have a 120 page condominium act filled with laws that there is no enforcement for. I can't tell you how many, probably thousands of times condominium owners throughout the state would call me and say "My association is clearly violating this law. Who do I call? Who do I go to? What do I do?"

And so many times I would have to tell those people: I'm sorry, there is a law and you're right, they're probably violating it based on what you're telling me, but there's no one to enforce this, so hire a lawyer, good luck. I hope you have \$200,000 to spend because that's what it's going to take to enforce this law..."

Best Practices

- Successful, unsuccessful, and upcoming legislation from across the country reads like a book of best practices. Here are several top initiatives from HOA United:
 - [Disputes and Remedies \(Alternative Dispute Resolution\)](#)
 - [Powers and Duties - Enforcement](#)
 - [Delinquency, Collection and Foreclosure](#)
 - [Insurance & Action Following a Loss](#)
 - [Elections](#)
 - [Unit Owner Voting](#)
 - [Regulatory Authority](#)


As the [Sun Sentinel reported](#) in October 2023:

Since the 1970s, lobbying organizations representing the association industry have had a strong influence in the Legislature, often on non-controversial issues intended to improve the effectiveness of association governance.

But some of their initiatives were designed to allow boards to retain maximum power at the expense of homeowners, making it easier for law firms and management companies to preserve lucrative relationships with condo and HOA boards..."

Following North Carolina's recent legislative recess, [The Charlotte Observer reported](#) that CAI's legislative action committee "opposed even [a] pared-down iteration" of [HB542](#) that had overwhelming bi-partisan support. HB542 was relegated to a review committee.

Evan McKenzie, a professor of political science at University of Illinois at Chicago, is

probably the most prolific author and researcher of CICs (he prefers the term CIDs or residential private governments) best known for his 1994 book [Privatopia](#) and [Beyond Privatopia](#) in 2011. McKenzie has also authored many academic pieces, including one chapter of 2016's [Private Communities and Urban Governance: Theoretical and Comparative Perspectives](#) titled [Rethinking Residential Private Government in the US: Recent Trends in Practices and Policy](#).  [Listen to the audio summary](#).

"...increased concerns about association finances highlight the extent to which the rapid spread of common interest housing has outpaced the public policy process, which is now trying to catch up..."

..."Despite the mounting evidence that CID private governments are overly reliant on owner resources and lacking in institutional support, policy makers have favored self-protective steps to insulate public institutions from the risk of loss, rather than bolstering the private governments that pose that risk.

Such policies are an improvement over the reckless promotion and unregulated privatization that marked the rise of residential private government. At least we appear to have discarded the cavalier assumption that no institutional support or regulation are necessary. But what is missing, still, is a proactive and forward looking approach."

[The Community Associations Institute] CAI ... functions as an interest group that has substantial influence on legislation and court decisions..."

..."There is nothing improper about professionals advancing their interests in the press and through the policy process, but there is an enormous public interest in having a full understanding of what is going on in this privatized realm, and that will never come from private professionals who are making their living solving problems that could be prevented by more enlightened public policies."

Table 3 Institutional support for CIDs and municipalities

Institutional support	CIDs	Municipalities
Financial support	General and special assessments, recreation fees—insurance proceeds in some situations	Taxes, fees, bonds, intergovernmental transfers and grants in aid
Bankruptcy	Extremely risky—owners ultimately responsible for paying debts of corporation	Chapter 9 of Bankruptcy code allows restructuring of debt
Training for community leaders	None required; expensive	Offered by national league of cities and other organizations
Professional support	Largely unregulated vendors organized through Community Associations Institute	Public Administration profession; academic journals; national and state level organizations
Government oversight	Minimal—judicial review in private litigation	Substantial
Media and public scrutiny of internal activities	Minimal—limited to colorful controversies—flags, pets, religious symbols, etc.	Substantial
Public availability of data on activities and finances	Almost nonexistent	Freedom of Information Act; sunshine laws; public availability of voluminous data

LIST OF RECENT STATE TASK FORCES

COLORADO - [HB1105](#) ENACTED 2023 | ACTIVITY 2023 - 2024

[Colorado DORA DRE Homeowner Satisfaction Survey](#)

[HOA Homeowners' Rights Task Force Report + List of Considerations](#)

[HOA Homeowners' Rights Task Force Recommendations to the General Assembly](#)

GEORGIA - AD HOC - SENATE RULES SUBCOMMITTEE ON HOAS

[Sen. Matt Brass to Lead Senate Subcommittee on Homeowners Associations – Georgia Senate Press Office](#)

[HOAs in Georgia: the industry that profits off them gives lawmakers solutions to community complaints](#)

[Homeowners tell stories of distrust, fear and financial ruin as lawmakers look to improve HOA laws](#)

-  VIDEO: [Georgia Senate Subcommittee on HOAs](#) | October 22, 2024

-  VIDEO: [Georgia Senate Subcommittee on HOAs](#) | September 24, 2024


MINNESOTA: [HF5247](#) ENACTED 2024 | ACTIVITY 2024 - 2025

[Working Group on Common Interest Communities and Homeowners Associations](#)

NORTH CAROLINA: [HB311](#) ENACTED 2023 | ACTIVITY 2024

- [House Select Committee on Homeowners' Associations](#) (2023)
- [House Select Committee on Homeowners' Associations](#) (2011)
- [House Select Committee on Homeowners' Associations](#) (2009)
- [Committee on Dispute Resolution Options for Homeowners, Associations and Governing Entities](#) (2017)

The [matrix linked below](#) compares and contrasts COC state legislation.

		<div>This is a non-exhaustive, work in progress summary of state legal requirements for condominiums and HOAs.</div> <div>Click icons to view linked citations. Limited comments at right. VIEW State Statute Database & Matrix</div> <div>N.B. Nonprofit corporation statutes often supplement community association-specific laws, but are NOT not consistently included below.</div> <div>LEGEND >>> ● = All CICs 🏠 = Condos 🏡 = Legacy Condos 🏢 = Co-Ops (mostly not captured below) 🏠 = HOAs 🏠 = TX Mixed POAs 🟢 = Nonprofit Corp. 📄 = Other State Law 📄 = Admin. Code 📄 = Case Citation 📄 = New Law Pending</div>																								
		Open Board Meetings	Virtual Board Meetings	Owner Meeting / Right to Speak	Board Meeting Minutes	Board Meeting Materials	Board Executive Session	Board Recording	Records & Disclosure	Due Process & Enforcement	Fines / Violation Penalties	Elections, Candidate Nominations	Ballots, Proxies, Voting	Other Election Rules, etc.	Free Speech & Anti-SLAPP	Garbage, Recycling, Compost	Gardens, Landscaping	Leasing	Rule-Making	Reserve Funding Requirements	Reserve Funds Handling	Reserve Accounts & Reserve Study	Liens & Foreclosure	Priority of Payment	Res	
GREEN = Complete																										
STATE	#	Board Meetings								Elections				Powers & Regulatory Authority				Reserves								
Illinois (IL)	30	🏠	🏠	🏠	🟢	🏠	🟢		🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠		🏠	🏠	🏠	🏠	🏠	🏠	
Indiana (IN)	19	🏠							🏠	🏠	🏠	🏠	🏠	🏠	🏠		🏠				🏠		🏠		🏠	
Iowa (IA)	6	🏠							🏠			🏠														
Kansas (KS)	21		●	●	●		●	●	●	●	●	●	●	●	●		📄				●	●			●	
Kentucky (KY)	15	🏠							🏠	🏠	🏠	🏠	🏠	🏠		🏠	📄								🏠	
Louisiana (LA)	26	🏠	🏠	🏠	🏠		🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠						🏠	🏠	🏠			🏠	
Maine (ME)	22	🏠	🏠	🟢			🟢		📄	📄	📄	📄	📄	📄		📄	📄		📄		🏠	📄			🏠	
Maryland (MD)	29	🏠	🏠	🏠	🏠	🏠		🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	
Massachusetts (MA)	15								🟢	🟢	🏠		🏠		🟢	🟢				🏠	🏠		🏠	🏠	🏠	
Michigan (MI)	14		🟢	🟢			🟢				🏠		🏠						🏠		🏠					
Minnesota (MN)	21	●	●	🟢		🟢	●		🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠			🏠	●	●	●	●	●	
Mississippi (MS)	1								🏠		🏠		🏠												●	
Missouri (MO)	17		🟢	🟢		🟢			🏠	🏠	📄	🏠	🏠		🏠	📄	🏠			🏠					🏠	
Montana (MT)	5		🏠							🏠							📄									
Nebraska (NE)	9								🏠	🏠	📄															

[DORA's HOA Homeowner Rights' Task Force Satisfaction Survey](#)

Multiple Surveys & Statistics

