

Testimony - HOA SB758.pdf

Uploaded by: Sen. Cheryl Kagan

Position: FAV

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Vice Chair
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB758: HOAs

Senate Judicial Proceedings Committee
Tuesday, February 25, 2025 1:00 PM

Homeowners Associations (HOAs) manage and enforce rules for residential communities, typically overseeing common areas, property maintenance, and community standards. Governed by elected boards of directors, they balance property values with concerns over transparency and enforcement.

Homeowners and condominium owners deserve fair and open leadership of their communities. But sometimes, election processes are confusing; financial information is hard to access; and there is insufficient transparency and accountability.

[SB758](#) establishes:

- **Fair Elections:** Requires elections to be run by independent parties with no conflicts of interest, including provisions for third-party vendors or commercial technology platforms to handle elections.
- **Homeowners' Rights:** Guarantees that homeowners can meet and organize without interference and protects against retaliation for participating in community governance activities.
- **Financial Transparency:** Ensures that financial records are easy to access without excessive fees, including limiting charges for unit owners who request documents.
- **Stronger Oversight:** Expands the Attorney General's authority to enforce rules, making it easier to hold governing bodies accountable.

This bill enacts reasonable safeguards, ensuring that homeowners and condominium owners have a meaningful voice and access to information about their communities. HOA's are meant to improve the quality of life for their dues-paying members and enhance their communities. We have all heard stories of HOA leadership gone rogue-- SB758 simply helps ensure accountability to their membership.

I urge a favorable report on SB758.

SB758

Uploaded by: Barbara Levin

Position: FWA



DEMOCRATIC CLUB OF LEISURE WORLD

LEGISLATIVE ADVOCACY |

SB 758

Condominiums and Homeowners Associations - Elections, Financial Statements,
and Enforcement

Good afternoon Chairman Smith and members of the Judicial Proceedings Committee:

This testimony is being submitted on behalf of the Democratic Club of Leisure World. Leisure World is a senior community of adults 55+ the current population is approximately 8,500 residents. Leisure World Corporation - a resident led voting body manages our community overseeing 29 housing associations called mutuals. Each mutual controls its own budget, sets its own policies and is governed by a board of directors elected annually by the residents of their mutual. There is a mutual assistant or property manager to ensure mutual policies are upheld and the homeowners needs are met.

There may be Condominium communities where the staff is involved in the election process including working with or for candidates running for board positions, however that is not the case in Leisure World. The property manager re: mutual assistant provides valuable assistance in the election process. Printing ballots, distributing election information to all residents of the mutual and directing any questions pertaining to any candidate to the current president. They provide technical assistance only and do not interfere in the actual election of the candidates. If we are not allowed to use our mutual managers in the election process our HOA fees would be increased by hiring an outside contractor to perform the duties our managers provide as part of their mutual duties. Our residents have not had a problem with our elections and our managers do not interfere in our elections.

We would therefore request Leisure World to be amended out of SB 758.

Thank you for your consideration.

Henry Osborne
President, Democratic Club of Leisure World

Barbara Levin
Chair of the Advocacy Committee

Final testimony SB 758.pdf

Uploaded by: Jim Lieberman

Position: FWA

Board of Directors
Leisure World Community Corporation
3701 Rossmoor Boulevard
Silver Spring, MD 20906

**TESTIMONY OF THE LEISURE WORLD COMMUNITY CORPORATION
ON FEBRUARY 25, 2025
BEFORE THE SENATE JUDICIAL PROCEEDINGS
SB 758 – CONDOMINIUMS AND HOMEOWNERS ASSOCIATION – ELECTIONS, FINANCIAL
STATEMENTS AND ENFORCEMENT**

FAVORABLE WITH AMENDMENTS

Honorable Chair William C. Smith, Vice-Chair Jeff Waldstreicher, and Members of the Senate Judicial Proceedings Committee:

This testimony is being submitted on behalf of the Leisure World Community Corporation. Leisure World is a senior (55+) adult community in Silver Spring Maryland, located on 610 acres. Leisure World has 29 Mutuels made up of 27 condominiums, 1 cooperative, and 1 home owner association. More than 8500 residents live in Leisure World.

Leisure World supports this bill provided amendments are made to sections 1-109 (c)(17)(III) and 11B-118(A)(2)(I). Amendments are needed because these provisions do not allow property managers to be involved in elections.

The current law does not prohibit common ownership communities from utilizing contractors to assist in their elections. However, many condominiums property managers provide valuable assistance to the election process. Professional property managers understand the rules, provide guidance to boards and unit owners, assist in administration of elections by sending our notices and reminders, and arrange for printing ballots and other election material. If condos are not allowed to use their property managers, HOA fees may go up to cover the costs of hiring contractors to perform duties otherwise done by property managers for the election process.

Leisure World is the largest common ownership community in Montgomery County. It has extensive experience with the election process. In the recent past we have had hundreds of successful elections with a system that includes the property manager. The same situation of clean and fair elections relying on property managers no doubt exists in many other HOAs in Montgomery County. By subjecting all HOAs into the bill, it causes all residents of common ownership communities higher HOA fees and creates confusion that is not necessary.

At Leisure World our professional property managers provide enormous assistance to our residents and governing bodies and committees. Almost all mutuals in Leisure World rely on property managers for parts of the election process. We should note our property managers are employees of the Leisure World Management Corporation (LWMC). LWMC is owned by the Leisure World Community Corporation which is owned by the residents of Leisure World. **In light of this relationship and positive experience with using property managers SB 758 should be amended to exclude Leisure World property managers from the bill.**

Alternatively, the bill should be amended to revise sections 11-109 (c)(17)(III) and 11B-118(A)(2)(I) to read:

Representatives of the [Condominiums'] [Home Owners Association's] property management are independent parties unless more than 25% of the eligible voting members of the [Council of Unit Owners] [Home Owners Association] object to their independence.

This would be consistent with the bill's treatment of unit owners and lot owners that provides a presumption that in the election process they are independent unless 25% of the eligible voters object. This amendment would provide a similar presumption of independence for property managers and importantly provide a check on property managers to ensure residents have confidence in their property managers. It would allow the many professional property managers who provide valuable assistance to Condominiums and Home Owners Associations to assist in elections and weed out those that do not.

For the above reasons, Leisure World requests amendments to SB 758.

Respectfully submitted,

Patricia Hempstead

Chair of the Board of Directors

2025 Maryland Legislature - SB728 SB758 SB777 SB78

Uploaded by: Steve Horvath

Position: FWA



HOMEOWNERS
OF AMERICA
UNITED

February 21, 2025

My name is Steve Horvath. *Homeowners of America (HOA) 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.

Thank you for considering testimony from *HOA United*.

Sincerely,


Steve Horvath
Co-Founder, HOA United


Testimony for [SB728](#)

Charles County - Governing Bodies of COCs - Member Training

HOA United recommends a favorable report on this bill in concept because training is important, but also encourages you to maintain consistent standards across the state and allow local commissions to set minimum requirements for COCs that remain unaddressed in state law. [Montgomery](#) and [Prince George's](#) county commissions have proven to be successful vehicles to provide information and resources to COC owners and their condos and HOAs.

The entire institution of common interest housing rests on the resources of individual owners—their money, judgment, loyalty, commitment, organizational expertise, and social skills. There is virtually no institutional support for them, except for the professionals they are able to hire to advise them and to carry out delegated tasks. — Evan McKenzie | [Rethinking Residential Private Government in the US: Recent Trends in Practices and Policy](#) | 2016

Boards draw their membership from people whose work experience is in other sectors—government and business. Many conflicts on boards and between boards and executives result from the introduction of practices and values that may be appropriate to the way other sectors do business, but which may be incompatible with nonprofits' legal and ethical obligations. — Marion Peters Angelica | 1999 | 

"Community associations occupy a space that lies somewhere between public governments and private businesses... As common interest communities have become more prevalent, the legal and social challenges they post have become more apparent." — Susan F. French | 2005 | 

Testimony for [SB758](#) ***Condominiums and HOAs - Elections, Financial Statements, and Enforcement***

HOA United recommends a favorable report on this bill with amendments to streamline the language and provide additional standards established by multiple other states. Consider the levers that contribute to fair elections:

1. **Require ballots as you would expect in any election for local, state or federal government.** Arizona requires ballots for COCs (reference [ARS 33-1812](#)).
2. **If proxies are allowed, require directed proxies.** Undirected proxies are a source of election harvesting. Nevada began requiring directed proxies years ago (reference [NRS 116.311](#)).
3. **Consider vote recount procedures** like Texas (reference [TPC 209.0057](#)).
4. **Prohibit exclusionary candidacy practices.** Reference [CA Civil Code §5100 - 5145](#), [CRS 38-33.3-310](#), [718.112\(1\)\(d\)\(2\)](#), [765 ILCS 605/18\(a\)\(1\)](#), [NRS 116.31034\(10\)\(11\)\(12\)\(13\)](#), [116.31034\(16\)\(17\)](#) and [116.31035](#), [TPC 209.00591](#) and [PA Title 68 - §3308](#).

EXAMPLE LANGUAGE EXCERPTS

View more in [Election Recommendations](#)

Consider in context with [Maryland Real Property Title 11, Section 109](#)

CANDIDACY AND ACCESS TO RESOURCES

- *(a) Notwithstanding any contrary provision in the declaration or organizational documents, prior to an election of board members or appointment to fill vacancies of the board, the association must provide notice to all unit owners of the following:
 - (i) The number of board positions that may be filled;*
 - (ii) The qualifications to be a board candidate, if any; and*
 - (iii) The process, manner, and deadline for submitting nominations which shall allow potential candidates at least fourteen (14) days after receipt of the notice required by this section to submit their interest to become a candidate.**

- (b) An association shall not adopt any rule or regulation that has the effect of prohibiting or unreasonably interfering with a candidate in the candidate's campaign for election as a member of the executive board, except that the candidate's campaign may be limited to 90 days before the date that ballots are required to be returned to the association.*

- (c) A nomination or election procedure shall not be deemed reasonable if it:
 - (i) it discourages participation;*
 - (ii) disadvantages any member based on any class protected by [RCW 49.60.224](#);*
 - (iii) disallows any member from nominating themselves for election to the board; or*
 - (iv) encourages members to vote for a particular candidate based on their selection by a nominating committee or the board**

- ***equal access shall be provided to association media, newsletters, or internet websites or web portals during a campaign for purposes that are reasonably related to that election to all candidates and members advocating a point of view reasonably related to the election. The association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the association, is responsible for that content.***

- ***equal access to the common area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the board, for purposes reasonably related to the election.***

- ***in the event that there are more candidates than open positions on the board, then, upon request of one or more of the candidates, the association shall permit each***

candidate for a board position equal time to address the unit owners during a meeting before the close of the election period.

- *If the number of board members whose terms expire at the annual meeting equals or exceeds the number of candidates, the candidates become members of the board effective upon the adjournment of the annual meeting.*

BALLOT COUNTING

- *At a meeting of unit owners held pursuant to this section, the secret ballots physically received by the association must be opened and counted and the results of the secret ballots received by the association by electronic means must be reviewed, announced, and recorded in the meeting minutes. A quorum is not required to be present when the secret ballots physically received by the association are opened and counted or the results of the secret ballots received by the association by electronic means are reviewed, announced, and recorded in the meeting minutes.*
- *The incumbent members of the board and each person whose name is placed on the ballot as a candidate for membership on the board may not possess, be given access to, or participate in the opening or counting of the secret ballots that the association physically receives, or the collection of data regarding the secret ballots that the association receives by electronic means, before those secret ballots have been opened and counted or reviewed, announced, and recorded in the meeting minutes, as applicable, at a meeting of the association.*

BALLOT REQUIREMENTS

- *An association with over 100 units must provide absentee ballots to all Unit owners pursuant to subsection (4) of this section and all associations containing 100 or more units whose annual operating budget exceeds \$100,000 and associations whose annual gross revenue exceeds \$250,000 must allow, but not require, owners to cast their ballots electronically.*
- *Absentee ballots must provide the option for owners to have their ballot count toward quorum without casting any vote in the affirmative or negative and, for election matters, must:*
 - (i) designate space for members to write-in one or more candidates of their choice;*
 - (ii) contain the name of each candidate and proposal to be voted upon; and*
 - (iii) for associations containing 100 or more units whose annual gross revenue exceeds \$100,000, be supervised by an independent inspector.*

↓ WHEN STATE LAW HAS INADEQUATE PROXY REQUIREMENTS ↓

Country Club Estates Condominium Homes

PROXY

Annual Meeting: March 28, 2024

If you return your Proxy *before* the meeting you do not need to attend.

I certify that I am an Owner of the Property below and I give _____ (my proxy) permission to vote for me at the Annual Meeting.

(If blank, then President Marianne Andringa is designated with power of succession)

This proxy confers authority to the person named herein to exercise his or her best judgment in voting on any matters as they may be properly presented at the Annual Meeting on March 28, 2024, or any adjourned meetings thereof.

Testimony for [SB777](#)

Howard County - Common Ownership Communities - Funding of Reserve Accounts and Preparation of Funding Plans Ho. Co. 4-25

HOA United recommends a UNfavorable report on this bill. The state of Maryland should maintain consistent standards for condominiums, cooperatives and HOAs and amend current state law pursuant to recommendations for SB787, HB292 and SB63.

Testimony for [SB787](#) | Reference [HB292](#) + [SB63](#) | [HB1133](#)

Cooperative Housing Corporations and Condominiums - Funding of Reserve Accounts and Timing of Reserve Studies

HOA United recommends a favorable report with an amendment. Please consider the following recommendations and read [The Myth of Full Funding](#):

- **Fiscal Ramp for Reserves:** One glance at Florida's still unfolding condo special assessment catastrophe should prompt every legislator to move with haste to elongate the glide path for reserve funding. Moving from 3 years to 5 years is an improvement, but even 5 years is insufficient for current owners to compensate for decades (up to 60 years) of insufficient reserve practices and deferred

maintenance. 10 years for "full funding" would be a more reasonable ramp with milestones along the way.

- **Frequency of Reserve Studies:** Follow Washington's lead. Reserve studies should be updated annually which can be accomplished using a slightly sophisticated spreadsheet, with "professional" oversight every 3 years at most. 5 year intervals are too infrequent.
- **Expertise:** Credentials aren't enough. Create accountability for firms and individuals who identify as reserve study "professionals." Reserve studies need to be: comprehensive, accurate and precise. Planning tools don't work well when the expected useful life is off by half or the replacement cost is double, triple or more.

Consider a requirement to have subject matter experts involved at least every 5 years to provide bids and estimates for major components. Elevator experts should provide information for elevators. Roofing experts should provide useful life and costs for roofs. And so on.

- **Defining Reserve Components:** *A reserve study must include a list containing any component provided by the developer pursuant to [Section 11-132] and any additional component for which the cost of inspection, maintenance, repair and/or replacement is not consistently included as a line-item in the association's annual budget.*
- **Requiring a list of components as structured data:** *A reserve study must include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component.*

Whether provided as part of or integrated into a reserve study report, the reserve study components, quantities, estimated useful life, remaining useful life and current replacement costs must also be provided as discrete data in a structured format that can be filtered and sorted by the association using a typical office software program. [Not in an inscrutable PDF.]

- [Section 11-132 - Documents to be delivered to council of unit owners by developer](#)
 - Sub (4) requires turnover of "any report relating to the reserves"
 - Sub (10) requires *drawings, architectural plans, and other suitable documents setting forth the necessary information for location, maintenance and repair of all condominium facilities*

- Require developers to compile a structured list of all components that need to be inspected, maintained, repaired and/or replaced over the life of a building.
 - [Section 11-109\(c\)\(16\)](#) requires a turnover meeting within 60 days from the date of conveyance of 50% of the allocated interest. The initial reserve study is due not less than 30 days before that turnover, but that's too late.
 - Require developers to perform an initial reserve study within the earlier of the existing requirement OR within 60 days of obtaining a certificate of occupancy.
-

Testimony for [SB817](#) / [HB363](#)
***Common Ownership Communities - Candidate or Proposition Signs -
Display Period***

HOA United recommends a favorable report with an amendment to:

1. **Simplify the language.** The recommended language below uses 4 subsections to accomplish what takes 11 subsections in the proposed bill.
2. Ensure that signs can be **posted to support ballot initiatives within the COC.**
3. Ensure that signs can be **posted continuously throughout an advocacy cycle.**

EXAMPLE LANGUAGE

(a) Except as provided in subsection (b) of this section, a recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a [COC] may not prohibit or restrict the display of:

(1) signs, including outdoor signs, regarding candidates for public or association office, or ballot issues related to the [COC], or any question submitted to the voters in accordance with the Election Law Article, on or within a unit or limited common element

[update the language to reference lots in HOAs as needed]

(b) An association may adopt reasonable rules pertaining to the placement and manner of signs and may limit the time period during which signs may be displayed continuously to no less than 30 days before the beginning of the earliest of an applicable primary election, general election or other vote or election related to any subject of subsection (a)(1) of this section and

to no less than 7 days after the conclusion of voting in a general election or other vote or election related to the same.

(c) If there is early voting, the time periods specified in subsection (b) of this section shall be extended to begin 30 days before the start of early voting.

Testimony for [SB866](#) / [HB306](#) **Common Ownership Communities - Ombudsman Unit, Governing Document Database, and Local Commissions**

HOA United recommends a careful consideration of this bill. Maryland's existing state law allows for AG enforcement that the AG refuses to take. That's probably the best place to start.

The Senate *Judicial Proceedings Committee* [heard testimony from Karen Strong of the Maryland Attorney General's Office of Consumer Protection](#) on February 14, 2024 stating:

The Office of the Attorney General does NOT represent individuals...

Quite simply, the Maryland AG Office of Consumer Protection refuses to enforce the provisions of [§11-130](#) and [§11B-115](#) for the overwhelming majority of circumstances and especially when concerns are raised by an individual COC owner. Here's the pertinent excerpt from the two aforementioned sections (with emphasis):

In this section, "consumer" means an actual or prospective purchaser, lessee, assignee, or recipient of a condominium unit or lot in a development.

To the extent that a violation of ANY provision of this title affects a consumer, that violation SHALL be within the scope of the enforcement duties and powers of the Division of Consumer Protection of the Office of the Attorney General, as described in Title 13 of the Commercial Law Article.

If Maryland continues to allow its AG to disregard enforcement authority prescribed by state law, it only seems prudent that the legislature should adopt additional, binding consumer protections; however, this bill does not provide binding enforcement authority to an ombudsman unit. State agencies in Colorado, Delaware, Florida, Illinois, Nevada, South Carolina and Virginia all collect complaint statistics. CAI has [disfavorably reported](#) on ombuds programs for years, in part due to the non-binding nature of many

such programs. To the contrary, the leaders of these programs believe they can and do provide positive results:

"In many cases, the threat of public accountability is enough to get condo boards to respond to complaints..." — [Heather Gillespie](#) has served as the Virginia State community association Ombudsman since 2018.

⚠ Governmental oversight can also have shortcomings. **Before reforms in 2024 to add binding regulatory authority and millions more dollars in funding, Spencer Hennings called Florida's DBPR ombuds program a "toothless tiger."** [Watch the 11/14/23 testimony](#) from Florida's Senate Committee on Regulated Industries (start at minute 15):

"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." — Spencer Hennings, former Florida Condominium Ombudsman

The [Condominium Authority of Ontario \(CAO\) Condominium Authority Tribunal \(CAT\)](#) is the best example of efficient, effective, low-cost, high-functioning binding government COC oversight.

SB758

Uploaded by: Thomas Allen

Position: FWA

Inconsistency in Condo Lien Laws

Real Property Article **11-110(d)** states that "Payment of assessments, together with interest, late charges, if any, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a unit in accordance with the provisions of the Maryland Contract Lien Act." **Fines are not included.**

Section **14-202(b)** states that a "lien may only secure the payment of: (1) Damages; (2) Costs of collection; (3) Late charges permitted by law; and (4) Attorney's fees provided for in a contract or awarded by a court for breach of a contract." **Fines and interest are not included.**

Presumably, damages include unpaid assessments, but interest is not included here as it is in 11-110(d). Which legislative intent is controlling? Did the legislature intend to exclude fines from damages as a **minimum protection** (see Commercial Law 13-103) against **frivolous fines** without **due process**? 11-110(d) should properly limit attorney's fees to those "awarded by a court" to better align with Section 14-202(b).

Suggested Clarifying Amendment

11-110

(d)(1) Payment of assessments AND ANY APPLICABLE RELATED CHARGES PERMITTED BY LAW [, together with interest, late charges, if any, costs of collection and reasonable attorney's fees] may be enforced by the imposition of a lien on a unit in accordance with the provisions of the Maryland Contract Lien Act. FINES AND INTEREST MAY BE ENFORCED ONLY AS PART OF A VOLUNTARY AGREEMENT, AND ANY UNPAID FINES AND INTEREST ARE PROSPECTIVELY VOID UPON THE CREATION OF A LIEN.

The HOA equivalent in Section 11B-117 is not similarly inconsistent.

Assessments Not Defined

The Real Property Article (Section 11-101 or elsewhere?) does not define "assessments," which should be defined as *annual predetermined charges as set forth in a duly adopted budget in accordance with Section 11-109.2*

Tallen at avatoy at gmail dot com

SB758 Testimony tja.pdf

Uploaded by: Thomas Allen

Position: FWA

Re: SB758 (2025 Session)

Condominiums and HOAs - Elections, Financial Statements, and Enforcement

This testimony is favorable with the following amendments:

Clarification of Governing Body

11-101

(i) "Governing body" means the council of unit owners, board of directors, or any committee of the council of unit owners or board of directors, SUBJECT TO THE PARTICULAR ENTITY SPECIFIED AS THE GOVERNING BODY IN A DECLARATION.

Election Vendors

The bill's authorization of the use of third party vendors for elections should make clear that vendors shall not own any election data, that data shall remain subject to 11-116 as property of the association, and that a non-disclosure agreement shall not be valid. This would treat election data the same as legal agreements, which existing law 11-109.1(c) also clarifies as open to member inspection.

Also, I think there should be a requirement that any vendor be a **domestic corporation** so that foreign entities are not running private local elections. Many communities have two-thirds non-resident owners. In Florida, a foreign country bought so many properties that laws had to be passed. Foreign entities don't have an interest in bylaws or elections that approach a **constitutional model** as much as possible.

Owner Deposits – Local Bank Access

Please add a clause requiring physical bank access in the association county. With at least **one local association bank account**, delinquents can still get an electronic record of their payment without needing the payment portal to do so.

This would make it easier for homeowners to make payments rather than jump through manager and attorney hoops that may be intentionally delayed, confusing, or predatory. This amendment would increase revenues for Maryland banks. It is questionable why many associations keep much of owner funds out of state.

I wonder if blocking access to payment portals is more about chargebacks or more about preventing transaction memos that would be legally binding, especially since collectors attempt to re-assign payments to pay assessments last, after fines that are still in dispute.

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