House Bill 402 – Common Ownership Communities – Ombudsman Unit, Governing Document Database, and Local Commissions – Economic Matters Committee – February 12, 2026
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 402 in response to a request from Delegate Marvin E. Holmes, Jr.

Maryland Legal Aid (MLA) is a nonprofit law firm that provides free civil legal services to low-income and vulnerable Marylanders, including low- and moderate-income families, veterans, older adults, and retired homeowners living on fixed incomes. With offices serving residents in all 24 Maryland jurisdictions, MLA handles civil legal matters including housing, consumer, family law, and public benefits—matters that directly affect housing stability and family economic security.

HB 402 is a practical, balanced bill that will benefit both common ownership community (COC) members and the volunteer boards and managers who govern and operate condominiums, homeowners associations (HOAs), and cooperative housing corporations. It does so by creating a statewide "front door" for information and triage, strengthening access to alternative dispute resolution (ADR), improving transparency through a governing-document database, and establishing consistent baseline standards for counties that choose to operate local commissions to educate and assist both residents and governing bodies.

Currently, the Attorney General's Consumer Protection Division handles a limited set of condo/COC complaints (often records access, open meetings, and election issues) and may mediate, but it is not a dedicated statewide "navigator." HB 402 would create a formal Ombudsman Unit to publish guidance, help residents understand rights and processes, refer cases to ADR, and review complaints about final adverse decisions—plus it adds a DHCD public database of governing documents and a statewide framework for county local commissions to provide education/training and structured dispute resolution. For these reasons, MLA urges the Committee to issue a **Favorable Report** on HB 402.

I. The gap HB 402 fills: strong laws, but uneven access to guidance and dispute resolution.

Maryland's statutes governing condominiums, HOAs, and cooperatives create important rights and responsibilities. In practice, however, many homeowners and volunteer board members face a core problem: the law is hard to access, hard to interpret, and difficult to apply in day-to-day community governance. For the people MLA serves—older adults on fixed incomes, veterans, people with disabilities, and low- and moderate-income homeowners—this gap can have serious consequences. COC disputes may start small (a records request, a meeting notice issue, a question about election procedures, a disputed rule interpretation) but can escalate quickly. When communication breaks down, communities spend scarce resources on attorneys, enforcement, and

litigation. Individual owners may face fines or other adverse actions, and the stress and cost can jeopardize housing stability—especially for households living paycheck-to-paycheck or on fixed incomes.

Volunteer board members experience the same complications from the other side. Boards are often made up of neighbors who step up to serve and are then expected to interpret governing documents, comply with complex statutory procedures, manage substantial budgets, and enforce rules fairly and consistently—frequently without training or access to neutral guidance. In that environment, preventable errors and misunderstandings are common and can lead to long-running conflict.

HB 402 addresses these problems by building infrastructure focused on education, navigation, transparency, and early dispute resolution—tools that help residents and boards resolve problems before they become lawsuits.

II. What HB 402 does: statewide navigation, transparency, and consistent local capacity.

A. Establishes a Common Ownership Community Ombudsman Unit within the Office of the Attorney General.

HB 402 creates a Common Ownership Community Ombudsman Unit in the Division of Consumer Protection within the Office of the Attorney General. The Unit's purposes include: monitoring legal changes; publishing information; assisting members in understanding rights and processes under governing laws and regulations; and providing referrals to public and private ADR services with a goal of reducing and resolving conflicts among governing bodies and members. (HB 402, proposed Commercial Law § 13–207.)

This statewide access is critical because Maryland's current landscape is fragmented: resources vary by county, and many residents do not know where to start. A centralized, trusted source of information and referrals will help homeowners understand their rights and obligations and will also help boards communicate and comply more effectively.

B. Creates a clear pathway for complaints regarding "final adverse decisions".

HB 402 directs the Unit to receive and respond to complaints by members regarding final adverse decisions by a governing body or common ownership community manager. In response, the Unit must either refer the complaint to an appropriate local commission for review or decide whether the final adverse decision conflicts with laws or regulations governing common ownership communities and notify the complainant. (HB 402, proposed CL § 13–207(F)–(H).)

This structure benefits residents and governing bodies alike. For residents, it provides a predictable pathway to raise concerns. For boards and managers, it provides an opportunity to resolve misunderstandings early, reduce escalation, and avoid unnecessary litigation. The bill also includes a reporting requirement that will allow the State to track the types of complaints received, actions taken, referrals made, and outcomes. (HB 402, proposed CL § 13–207(I).)

C. Requires filing of governing documents and creates a public database at DHCD.

HB 402 requires COCs to file governing documents and amendments with the Department of Housing and Community Development (DHCD), and it requires DHCD to maintain a publicly accessible database of those documents. (HB 402, proposed HCD § 2–304.) This transparency reform addresses a common point of conflict: homeowners and even board members may not be able to readily access the controlling documents that define rights, responsibilities, and procedures. A public database will help prevent disputes, narrow issues when disputes arise, and support informed decision-making by current and prospective homeowners.

D. Strengthens local capacity through baseline standards for counties that choose to establish local commissions.

HB 402 creates Title 11C of the Real Property Article, establishing requirements for local commissions on common ownership communities created by county local law. The bill does not mandate that every county establish a commission; rather, it sets baseline standards for commissions that exist and provides a structure for mediation and hearings for certain disputes. (HB 402, proposed RP Title 11C.) HB 402 also outlines the role of a designated county agency or office to provide education and technical assistance, maintain governing documents, maintain a referral system, develop an operations manual, and assist governing bodies with recurring challenges such as elections, leadership transitions, adoption of rules, and enforcement of rules. (HB 402, proposed RP § 11C–107.) These are "good governance" supports that strengthen communities, reduce conflict, and help boards carry out their responsibilities effectively.

III. Why these reforms matter to MLA's client communities.

MLA's clients include homeowners who have worked for decades to achieve stability—older adults and retirees who are now on fixed incomes, veterans, and families who have sacrificed to buy homes in condominiums, HOAs, and cooperatives. For these Marylanders, a COC dispute is rarely "just a disagreement." It can affect housing security and the ability to remain stably housed and age in place. The issues that appear in MLA's client intakes are consistent with HB 402's focus on rights/process education, records access, elections, meeting procedures, ADR, and review of final adverse decisions. The following examples are representative and are generalized to protect confidentiality:

1. **Records access and financial transparency disputes.** Clients report difficulty obtaining budgets, meeting minutes, reserve information, or other basic documents needed to

understand assessment increases or major repair decisions. Lack of transparency breeds distrust, fosters misinformation, and can lead to unnecessary escalation.

2. **Election and governance procedure conflicts.** Clients raise concerns about inadequate notice of elections, unclear nomination procedures, quorum/proxy issues, or ballot practices. When election integrity is disputed, communities can become entrenched and unable to manage routine operations effectively.
3. **Final adverse decisions and enforcement conflicts.** Clients report enforcement actions—such as violation determinations, fines, or other adverse decisions—where they are unsure what process exists to seek review or resolution short of costly litigation. For households living paycheck-to-paycheck or on fixed incomes, even modest fines and legal fees can be destabilizing.

HB 402 does not decide individual disputes. Instead, it creates fair, accessible processes and ensures that both residents and boards have pathways to education, ADR, and structured review—reducing the likelihood that small disputes become crises.

IV. Building on existing county models and expanding access statewide.

Maryland already has county-level examples of common ownership community support and dispute resolution. Montgomery County has a local commission model and Prince George's County has also pursued county-level engagement and assistance around common ownership community issues. These local efforts are valuable, but access is uneven across the State, and residents often struggle to identify where to start. HB 402 helps by creating statewide infrastructure (the Ombudsman Unit and the DHCD document database) and by setting consistent baseline expectations for counties that choose to establish local commissions. The core policy point is simple: a homeowner's access to basic dispute navigation and reliable information should not depend on zip code.

HB 402 offers balanced reforms that improve transparency, strengthen education and governance, and expand access to ADR and structured dispute navigation. It will help Maryland homeowners—especially older adults on fixed incomes, retirees, veterans, and low- and moderate-income families—understand their rights and responsibilities, resolve conflicts earlier, and protect housing stability. It will also support volunteer boards and community managers by providing guidance, training frameworks, and clearer processes that reduce conflict and unnecessary legal expense.

For these reasons, Maryland Legal Aid respectfully requests a **Favorable Report** on HB 402. If you have further questions, please contact William Steinwedel, Deputy Advocacy Director for Homeownership Preservation at (410) 951-7643 or wsteinwedel@mdlab.org.