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March 11, 2026

VIA EMAIL kris.valderrama@house.maryland.gov; lorig.charkoudian@house.maryland.gov

Delegate Kriselda Valderrama, Chair
Delegate Lorig Charkoudian, Vice-Chair
House Economic Matters Committee
231 Taylor House Office Building
Annapolis, Maryland 21401

Re: House Bill 1577

Common Ownership Communities – Common Areas – Approval of Alterations

Hearing Date: March 13, 2026

Position: OPPOSE

Dear Chairperson Kriselda Valderrama, Vice Chairperson Charkoudian, and Members of the Economic Matters Committee:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Association Institute (“CAI”). CAI represents individuals who reside in and professionals who work with condominiums, homeowners associations, and cooperatives throughout the State of Maryland. With this letter, MD-LAC seeks to voice its opposition to the passage of **HB1577**.

HB 1577 prohibits the governing body of a cooperative housing corporation, condominium, or homeowners association from making alterations costing more than \$1,000.00 to a common area without the approval of a majority of unit owners or lot owners.

A board of directors of a community is elected by the membership to act on behalf of the owners and to exercise sound financial judgment in managing the community’s affairs. One of the board’s core fiduciary responsibilities is financial oversight, including the review and approval of both

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capital and operational expenditures via a yearly budget, which already encompasses “renovate, expand, upgrade or substantially alter” as used in the Bill. Requiring additional approval from a majority of unit or lot owners for any such expenses of more than \$1,000 to maintain repair, or replace a common area would create significant and needless redundancy in the governance process. Further, imposing such a low threshold would result in delaying routine operational decision-making process to a community’s detriment.

Additionally, communities are mandated to fund and follow their reserve studies to anticipate and plan for major repairs, renovations, upgrades, and replacements to common elements. A vote before spending reserve money flies in the face of that statute. Also, when those common elements are replaced, they typically have to be upgraded to comply with current building and safety codes.

Finally, emergency expenditures need to be made by a board of directors to protect life, safety, or property. In order to be exempt, an association would have to show the work is “necessary”. Even if it qualifies, there is real risk of challenges without membership approval, which could delay critical repairs and expose a community to adverse health effects and increased liability and financial risk.

In summary, while transparency and owner involvement are essential components of effective governance, a blanket requirement for a majority of owner to approve expenses above \$1,000 would be administratively burdensome, operationally impractical, and inconsistent with a board’s fiduciary role.

For these reasons, the MD-LAC respectfully opposes **HB1577**.

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 email at lisa.jones@mdlobbyist.com. You may also contact Igor Conev, Chair of the MD-LAC at 443- 614-2787, or by e-mail at igor@ocmannproperties.com, or Ellen Throop, Member MD-LAC at 703-790-1911, or by e-mail at ethroop@reesbroome.com.

Sincerely,

Ellen W. Throop

Member, CAI MD-LAC

Igor Conev

Chair, CAI MD-LAC

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than fifty 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, assessment collection, insurance and construction defects.