

DATE: April 2, 2026

BILL NO.: House Bill 402

TITLE: Common Ownership Communities - Oversight, Governing Document Database, and Local Commissions

COMMITTEE: Senate Judicial Proceedings Committee

Letter of Support

Description of Bill:

House Bill 402 would establish the Common Ownership Community Oversight Division (COC) within the Department of Housing and Community Development. This division would be charged with receiving and investigating complaints made by members of COCs regarding final adverse decisions made by the governing body of their community's ownership or management. Local COC Commissions and the division would also conduct hearings and issue binding decisions regarding complaints. The Secretary of DHCD may also set fees for filing complaints, annual registrations, and the submission of governing documents.

Background and Analysis:

DHCD recognizes that disputes are frequent within Common Ownership Communities. Concerns from advocates, and constituent requests from legislators, have made it clear that there is a need for consistent oversight for resolving conflicts within COCs. Regardless of where someone is in the State, their COC should be overseen when it can make decisions that impact property values, property boundaries, or shared spaces.

COC disputes often end up in civil court. While this is the right of any party involved, it is also apparent that these issues could be resolved without the need for residents to acquire legal representation or seek counsel. House Bill 402 would ease the burden placed on both the Office of the Attorney General and the court system by having local COC Commissions, and DHCD, resolve disputes through an administrative hearing process. This would allow for an impartial third party to arbitrate on disputes, with a consistent set of State regulations backing them. Disputes are still able to be heard in civil court, but it is anticipated that this division can resolve many of them before they reach litigation.

DHCD notes that the division will be able to acquire staff through the collection of fees, as provided in the State budget. This will allow the division to stand up slowly, and for this new source of revenue to fund the operations.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on House Bill 402