

April 1, 2026

The Honorable William C. Smith, Jr.
Chair, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: MBIA Letter of Support with Amendments HB 402 Common Ownership Communities – Oversight, Governing Documents Database, and Local Commission

Dear Chair Smith,

HB402 takes meaningful steps toward improving transparency, education, and dispute resolution within Maryland’s common ownership communities. Establishing a statewide Ombudsman Unit and aligning local commission standards will help homeowners, boards, and residents navigate increasingly complex governance issues.

However, several targeted amendments are needed to ensure the bill is workable, consistent with existing law, and fair to communities during the transition from developer control to homeowner governance.

Why We Support HB402

- Creates a **statewide Ombudsman Unit** to provide education, guidance, and structured dispute resolution.
- Improves **public access to governing documents**, helping homeowners and prospective buyers understand their rights and obligations.
- Establishes **uniform standards** for local common ownership commissions, reducing confusion and inconsistent processes across jurisdictions.
- Enhances **consumer protection** while preserving the autonomy of community associations.

These reforms will strengthen Maryland’s common ownership community framework and improve confidence for homeowners and boards alike.

Recommended Amendments

1. Apply Requirements Only After Transition to Homeowner Control

Add clarifying language that **all requirements of the bill apply only after the governing body transitions from the developer-run board to the homeowner-run board**. This ensures:

- Developers are not subject to obligations intended for homeowner governance.

- Associations are not penalized during the statutory transition period.
- Consistency with existing provisions in the Maryland Condominium Act and HOA Act.

2. Page 6, Line 28 – Add “or Lots within a Homeowners Association”

After “Cooperative,” insert: “...or Lots within a Homeowners Association.” This ensures HOAs are explicitly included and avoids ambiguity in applicability.

3. Page 13 – Delete Lines 10–11

These lines create unnecessary or duplicative requirements. Removing them improves clarity and avoids conflicting obligations.

4. Page 22, Lines 25–31 – Align Filing Requirements With Existing Law

If fees will be charged for filing governing documents with the new state or local commissions, then the bill should be amended to:

- **Remove the requirement for HOAs to file documents in the existing HOA Depositories** under Real Property §11B-113.

This prevents double-filing, double-fees, and administrative inefficiency.

5. Page 23 – Delete Lines 13–14 (State-Level Fine for Failure to File Documents)

Earlier sections of the bill already establish that if a community fails to file governing documents, **its disputes cannot be heard** by the local commission. There is **no separate local fine**, and adding a state-level fine creates inconsistency and unnecessary punitive exposure. Removing these lines maintains parity and avoids conflicting enforcement mechanisms.

Conclusion

HB402 is a constructive step toward improving transparency and dispute resolution for Maryland’s common ownership communities. With the amendments outlined above, the bill will be more consistent, more equitable, and easier for communities to implement.

For these reasons, we respectfully urge a FAVORABLE report WITH AMENDMENTS.

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