

Sponsor Testimony, HB 1132 - JPR.pdf

Uploaded by: Jen Terrasa

Position: FAV

JEN TERRASA
Legislative District 13
Howard County

Government, Labor, and
Elections Committee

Subcommittees

Election Law

Labor

Oversight Committee on Personnel



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

April 3, 2026

To: The Honorable William C. Smith Jr.
Chair, Judicial Proceedings Committee

From: Delegate Jen Terrasa
District 13, Howard County

Re: Sponsor Testimony in Support of HB 1132 Condominiums and Homeowners
Associations - Resale Contracts - Notice Requirements (Keeping Affordable
Housing Affordable Act)

Dear Chair Smith, Vice Chair Waldstreicher, and Members of the Judicial Proceedings Committee,

Thank you for the opportunity to present HB 1132, which addresses several provisions in the Condo and HOA resale process.

Condominiums and townhomes are often the first point of entry into the real estate market for first-time buyers, young families, and Marylanders seeking attainable homeownership. However, escalating condominium and homeowners association resale fees are making these homes more expensive—and, in some cases, harder to purchase—than they need to be.

A resale package is a collection of documents that buyers receive from the seller when purchasing a home in a condo or HOA. The package notifies the potential buyer of important information about both the individual home being purchased and the financial standing of the association. It provides an important level of transparency and includes the governing documents of an association, information about potential litigation, upcoming special assessments, and other important information that may affect a potential buyer's purchase decision.

Note, these are **only** required for homes in HOAs and condos and, not typically for single family homes unless they are in one of these communities. Therefore, the added associated costs **mostly affect our most affordable for-sale homes**.

This information required to be part of the resale package is generally maintained by the property management company, but does have to be updated when a resale package is requested. While some property management companies process their own resale packages, what typically happens is that they contract out to third party companies.

Maryland's current law puts a maximum cap on the amount that can be charged for providing the resale package, and restricts the charge to what it costs to provide that information. However, in practice, a lot more than what is enumerated in statute is being charged - for example, expediting documents so that they are delivered in the time frame required by law. All these fees can really add up to hundreds of dollars and contribute to making housing less affordable.

HB 1132 addresses these concerns by modernizing and harmonizing Maryland's resale disclosure laws under the Condominium Act and the Homeowners Association Act.

The bill makes three key improvements:

- **It limits and clarifies resale package fees.** In the years since the current fee caps were established, technology has helped bring down the actual costs of package delivery. Yet, our laws allow fees to increase every two years, even before the add-on fees that are commonly charged outside of statutory authority. This bill prevents excessive or duplicative charges that increase closing costs for buyers and sellers.
- **It updates processing timelines and notice requirements to reflect modern practice.** The current law was written for an earlier era when hard-copy delivery was standard. That is not the case today. Many resale packages are delivered in a PDF or other electronic format and prepared in a matter of hours rather than days.
- **It conforms inconsistent provisions between the Condo and HOA Acts,** creating clearer, more predictable standards for purchasers.

Resale packages purchases are mandatory. Buyers cannot complete a purchase without them and they are available from exactly one provider, which means there is no ability to shop around or negotiate fees. When those fees become inflated or inconsistent, as they are now, they directly undermine housing affordability for the very units intended to be at a more accessible price point.

HB 1132 does not prevent associations from recouping the costs of providing resale packages. However, it does prevent the package delivery process from becoming a profit center often on the backs of home buyers and sellers, while helping ensure that condominiums and townhomes remain an attainable entry into homeownership.

I respectfully request a favorable report on House Bill 1132.

HB 1132 Crossover Letter of Support.pdf

Uploaded by: Karen Straughn

Position: FAV

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April 3, 2026

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 1132 – Condominiums and Homeowners Associations – Resale Contracts –
Notice Requirements (Keeping Affordable Housing Affordable Act) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1132 submitted by Delegates Jen Terrasa, Mary A. Lehman, Sheila Ruth and Natalie Ziegler. This bill reduces the fees an association may charge for providing a resale package to the seller and requires disclosure of any material changes to the disclosures, payments or fees.

A resale package in a condominium or homeowners association sale is a set of official documents that gives buyers detailed information about the community and the specific unit they are purchasing. Its main purpose is transparency to permit the buyer to understand the financial, legal, and operational condition of the association before closing.

Typically, the documents provided will disclose the financial health of the association, provide the governing rules and restrictions, disclose any outstanding legal issues, and confirm the seller's account status. It is important that potential buyers have the ability to review this information to ensure there are no excessive delinquencies, and no undisclosed problems within the association.

This bill reduces the fees that may be charged by the condominium or homeowner's association for delivery of the resale package and requires written notice of an increase of 10% of any fees or

payments or material changes to a disclosure once it becomes known to the seller. It further requires these documents to be provided in a more timely manner.

Real estate transactions are often the largest financial decisions people make. The resale package is one of the few tools association buyers have to assess long-term risk before they're legally committed. A resale package is often hundreds of pages long and can include complex financial and legal documents. Rushing review often increases the buyer's risk. In addition, lowering costs helps to reduce barriers to home ownership and improve transparency by ensuring that updated packages are readily available.

For the reasons set forth, the Consumer Protection Division requests that the Judicial Proceedings Committee issue a favorable report on this bill.

cc: The Honorable Jen Terrasa
The Honorable Mary A. Lehman
The Honorable Sheila Ruth
The Honorable Natalie Ziegler
Members, Judicial Proceedings Committee

HB1132 - crossover bill - FAV - Keeping Affordable

Uploaded by: Richard KAP Kaplowitz

Position: FAV

HB1132_Crossover Bill

RichardKaplowitz_FAV 04/03/2026

Richard Keith Kaplowitz Frederick,
MD 21703

TESTIMONY ON CROSSOVER BILL HB#1132- POSITION:
FAVORABLE

Condominiums and Homeowners Associations - Resale Contracts - Notice Requirements (Keeping Affordable Housing Affordable Act)

TO: Chair Smith, Jr., Vice Chair Waldstreicher and members of the Judicial Proceedings Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of crossover bill HB#1132, **Condominiums and Homeowners Associations - Resale Contracts - Notice Requirements (Keeping Affordable Housing Affordable Act)**

This bill will add to a contract for the resale of a unit by a unit owner other than a developer a condition that the contract is not enforceable unless the contract of sale contains in conspicuous type a notice in the form specified ... and the unit owner furnishes to the purchaser within 20 calendar days after entering the contract:

A written notice of any change in mandatory fees or payments exceeding 10% of the amount previously stated exist or any other substantial and material change to a disclosure required under this subsection after it becomes known to the seller.

It will establish a reasonable fee not to exceed \$50 for delivery of the certificate within 5 days after the request for the certificate; and a reasonable fee not to exceed \$50 for a financial update ordered by a settlement agent.

The bill will alter the deadline by which certain required notices in certain retail contracts shall be provided to a purchaser; requiring the seller in a certain retail contract to provide notice of certain changes in mandatory fees and payments and other required disclosures; altering certain fees a council of unit owners or a homeowners association or its agent may charge for providing certain disclosures; and altering the time period within which a purchaser may cancel a certain contract.

This bill removes surprise fees from increasing costs on resale contracts.

I respectfully urge this committee to return a favorable report on crossover bill HB#1132.

HB1132SenateJPRWrittenTestimonyMD-LAC.1Apr26.pdf

Uploaded by: Cynthia Kent

Position: UNF

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April 1, 2026

Senator William C Smith, Jr., Chair
Senator Jeff Waldstreicher, Vice Chair
2 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Re: House Bill 1132 Condominiums and Homeowners Associations - Resale Contracts - Notice Requirements (Keeping Affordable Housing Affordable Act)

Position: OPPOSE

Hearing Date: April 3, 2026 at 1:00 p.m.

Dear Chair Smith, Vice-Chair Waldstreicher, and Members of the Judicial Proceedings Committee:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland and throughout the United States. The MD-LAC writes to voice our opposition to HB1132 as the Bill changes the resale disclosure process for condominiums and homeowners association in two major ways that are unduly burdensome, highly objectionable and not supported by data. If educating buyers through the resale disclosure package is a priority, this Bill will negatively impact that educational priority.

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First, this Bill proposes to reduce the time for a condominium or homeowners association to produce a resale certificate after a request from twenty (20) to ten (10) days after receiving the request. The proposed ten (10) day period is not qualified as business days, so we must assume it is calendar days, and is not long enough to allow an association to conduct the investigation it needs to provide accurate and complete statements in the resale certificate. This timing concern may be exasperated if a resale package is requested before a weekend or a holiday. Since associations and/or their managing agent are bound by the statements they make in resale certificates, it is very important that they are not rushed in responding.

Bill 1132 also imposes reduced fee caps on what the associations and their managing agents may charge for important information provided to consumers purchasing a home in their community association without regard to the actual time, effort or costs of such services. These caps were negotiated with stakeholders in the real estate industry in 2016 and as demonstrated by increases in the capped fees established by the Department of Housing and Community Development, costs have only gone up in the decade since the caps were first adopted. This legislation imposes reduced arbitrary fee caps on critical disclosures required for a residential real estate transaction in a community association and eliminated the increases tied to inflation/cost of living. The reduced cap on fees is discriminatory, anti-consumer and anti-condominium and homeowner association.

Realtors, lenders, appraisers, insurance agents and title companies all impose market driven and labor-based fees relating to the purchase or sale of a dwelling on the parties in the transaction. To make housing more affordable, should there be a more comprehensive fee capping regulation on ALL parties to bring down ALL settlement charges for the purchase and sale of residential housing in Maryland? The MD-LAC believes that all parties to a transaction provide a service, should be paid for the service, and should be paid for the risks associated with the service, and that the commissions, charges and fees charged by realtors, lenders, appraisers, insurance agents and the title company are no more acceptable or less acceptable than the charges for the more than 16 certifications required by the Maryland Condominium Act (MCA) and by more than half dozen representations required by the Maryland Homeowners Association Act (MHOAA). Both the MCA and the MHOAA impose liability or the risk of liability on the provider of the information in the resale disclosures for material, misleading statement of fact or omissions. MD LAC cannot discern the rationale for not allowing associations or their management agent to be paid for this service and for this risk.

Realtors have traditionally complained about the fees charged for a resale package and recently the realtors have alleged without any supporting data that there are providers violating the statutory caps. MD-LAC has been informed by several management companies that their resale package fees are in line with the statutory caps and even when they use the large providers, the total does not exceed the statutory caps. Some indicate that the allowable fees are sometimes not ideal as the actual cost exceeds the caps, but that they have learned to live within the current resale laws.

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As noted in CAI's [Disclosure Before Sales | CAI Public Policy | Community Associations Institute](#) CAI believes that full and accurate disclosure is an essential tool to ensure that the consumer is aware of all relevant data that may impact the decision to purchase a home or unit in a community association. Disclosures also educate the consumer about rights and obligations as an owner of a home or unit in a community association. CAI does not support legislation that imposes arbitrary caps on what associations can charge for this information, as the legislation does not take into account the actual work that goes into preparing a disclosure package.

In most communities managed by a management company, the management company fulfills the requests for the resale package. Such requests can come several months in advance of a settlement or sometimes can come with very little notice. Preparers incur labor and material costs for such production and attest to the accuracy of the information as of that date of production. As such, preparers should be allowed to charge a reasonable fee for the liability risk incurred for affirming the correctness of the information as well as the preparation and production of disclosure documents and resale certificates. Although some of the required disclosures are of a routine nature, such as packaging the governing documents, there may be transactions or circumstances that are not routine, and all requests include checking for:

- ~ a change in the budget, or the adoption of a new budget;
- ~ a change in the assessment, or adoption of a special assessment, or other fees that must be disclosed;
- ~ a change in the rules and regulations, or amendments to the Declaration, or By-Laws;
- ~ a change in the insurance policies, in particular the amount of coverage or the change in the premium or change in the deductible;
- ~ a change in the reserve study;
- ~ nonpayment of assessments;
- ~ violations against the property; and
- ~ pending litigation, and all the required statements relating thereto, if applicable.

Often checking on all these different facets may require calls to Board members, the accountant, the insurance agent, the attorney or other vendors to make accurate disclosures.

Without the ability to set fair amounts for the labor and the risk associated with the delivery of a resale package, some management companies may decide to abandon this non-profitable service and the Board of Directors for the associations will scramble to find a replacement source to assist with its resale disclosure requirements. Even if management continues to provide the service, without the ability to set fair amounts for the production and delivery of required disclosures to a selling owner, management will likely pass through the gap in costs to the association and the association will pass through the gap in costs to all of its homeowners.

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Covering this gap may violate some governing documents that require assessments to be based on common expenses related to the administration of the association and maintenance repair and replacement of the common elements or common areas. Traditionally this resale cost has been a seller's expense related to the sale of the unit or the lot and covering the costs as a common expense means higher costs for all non-selling homeowners without any common benefit. Non selling homeowners have objected previously to this unfair treatment that amounts to a tax, stating that these costs should not be borne by all homeowners paying into the general fund, but rather these costs should be borne by the selling homeowner.

Finally, this Bill has no discernable cost effect on the affordability of a home or discernable effect on the buyer. This Bill will not have the intended effect of making housing more affordable for buyers and it will have the unintended negative effect of making housing less affordable for those 1.1 million Marylanders who live in Maryland's 7,500 community associations.

For the foregoing reason, we ask that the Committee give HB1132 an **unfavorable report** as the bill will not reduce costs to buying homeowners and will increase costs to homeowners generally. Thank you for your time and attention to review this information. 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 by e-mail at lisa.jones@mdlobbyist.com, Cynthia Hitt Kent at 410-363-9600 or by e-mail at ckent@hittkentlaw.com or Igor Conev by email at igor@ocmannproperties.com.

Sincerely,
Cynthia Hitt Kent
Asst. Secretary, MD-LAC for CAI

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, assessments collection, insurance and construction defects.