

HOUSE BILL 423

N1

3lr2178

By: **Delegate Holmes**

Introduced and read first time: January 30, 2023

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Task Force on Common Ownership Communities**

3 FOR the purpose of establishing the Task Force on Common Ownership Communities;
4 requiring the Task Force to submit a report of findings and recommendations; and
5 generally relating to the Task Force on Common Ownership Communities.

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

7 That:

8 (a) In this section, “common ownership community” means:

9 (1) a condominium, as defined in § 11–101 of the Real Property Article;

10 (2) a cooperative housing corporation, as defined in § 5–6B–01 of the
11 Corporations and Associations Article; or

12 (3) a homeowners association, as defined in § 11B–101 of the Real Property
13 Article.

14 (b) There is a Task Force on Common Ownership Communities.

15 (c) The Task Force consists of the following members:

16 (1) 2 members of the Senate of Maryland, appointed by the President of the
17 Senate;

18 (2) 2 members of the House of Delegates, appointed by the Speaker of the
19 House;

20 (3) the Secretary of Housing and Community Development, or the
21 Secretary’s designee;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (4) the Secretary of Labor, or the Secretary's designee;

2 (5) 1 representative of the Consumer Protection Division in the Office of
3 the Attorney General;

4 (6) 1 representative from the field of alternative dispute resolution,
5 appointed by the Chief Justice of the Supreme Court of Maryland;

6 (7) 8 representatives of the general public, appointed by the President of
7 the Senate:

8 (i) 4 of whom are members of a board of directors of a large common
9 ownership community; and

10 (ii) 4 of whom are members of a board of directors of a medium-sized
11 or small common ownership community;

12 (8) 8 representatives of the general public, appointed by the Speaker of the
13 House:

14 (i) 4 of whom are members of a board of directors of a large common
15 ownership community; and

16 (ii) 4 of whom are members of a board of directors of a medium-sized
17 or small common ownership community; and

18 (9) 11 representatives of the general public, appointed by the Governor:

19 (i) 3 of whom own a home or dwelling unit in a common ownership
20 community;

21 (ii) 3 of whom are not members of a board of directors of a common
22 ownership community;

23 (iii) 1 of whom is an attorney with experience representing common
24 ownership communities;

25 (iv) 1 of whom is an insurance agent or broker with experience
26 serving common ownership communities;

27 (v) 1 of whom is a certified public accountant with experience
28 serving common ownership communities;

29 (vi) 1 of whom is a manager of a common ownership community; and

30 (vii) 1 of whom is a representative of the Maryland State Builders

1 Association.

2 (d) The Task Force shall elect a chair from among its members.

3 (e) The Office of the Attorney General shall provide staff for the Task Force.

4 (f) A member of the Task Force:

5 (1) may not receive compensation as a member of the Task Force; but

6 (2) is entitled to reimbursement for expenses under the Standard State
7 Travel Regulations, as provided in the State budget.

8 (g) The Task Force shall study:

9 (1) the education and training needs of common ownership community
10 boards and new and prospective owners of homes and dwelling units in common ownership
11 communities, including:

12 (i) creation of a State website and brochure with:

13 1. information on the rights and responsibilities of owners of
14 homes and dwelling units in common ownership communities; and

15 2. best practices for common ownership community
16 governing boards; and

17 (ii) requesting the Maryland Higher Education Commission or other
18 State agencies to provide classes and brochures on:

19 1. the responsibilities of members of common ownership
20 community governing boards; and

21 2. the obligations and rights of owners of homes and dwelling
22 units in common ownership communities;

23 (2) the feasibility of establishing statewide alternative dispute resolution
24 services for common ownership communities, including:

25 (i) providing grants to all county governments for an ombuds
26 program, mediation, arbitration, and administrative hearings as an alternative to
27 adjudication;

28 (ii) providing resources to the Office of the Attorney General for
29 enforcement of laws related to common ownership communities;

30 (iii) making common ownership community governing boards or

1 board members subject to a fine for violating board governing documents or State laws
2 related to common ownership communities; and

3 (iv) authorizing the Maryland Judiciary Mediation and Conflict
4 Resolution Office to:

5 1. provide assistance to common ownership communities
6 that request strategies for preventing and resolving recurring conflicts; and

7 2. develop a conflict management process;

8 (3) the desirability of adopting provisions of the Uniform Common Interest
9 Ownership Act promulgated by the National Conference of Commissioners of Uniform
10 State Laws;

11 (4) issues facing aging common ownership communities;

12 (5) issues relating to the collection of assessments;

13 (6) issues relating to the resale by owners of homes located in common
14 ownership communities, including:

15 (i) the time frames for the delivery of documents and statements to
16 sellers and to buyers;

17 (ii) the content of documents and statements that sellers must
18 provide to buyers;

19 (iii) the consequences when time frames for the delivery of documents
20 and statements to sellers and to buyers are not satisfied;

21 (iv) the time period within which a buyer may rescind a sales
22 contract without any liability; and

23 (v) the resale of homes that are subject to multiple common
24 ownership regimes and the coordination of the preparation of the documents and
25 statements for the resale process;

26 (7) the advisability of creating a permanent State Commission on Common
27 Ownership Communities;

28 (8) adoption of a Uniform Common Interest Owners Bill of Rights Act;

29 (9) the feasibility of requiring that, before common elements and resources
30 of homeowners associations are transferred to governing boards, developers:

31 (i) pay for independent reserve studies;

1 (ii) make payments to reserves based on remaining
2 developer-owned units or lots;

3 (iii) provide a list of common elements and relevant contracts;

4 (iv) retain common elements that are incomplete or unusable; and

5 (v) pay for an independent audit of funds to be transferred to verify
6 the accuracy of developer contributions;

7 (10) the feasibility of requiring that, every 5 years, common ownership
8 communities perform reserve studies of common area capital infrastructure;

9 (11) the feasibility of establishing a State Homeowner and Condominium
10 Association Infrastructure Restoration Fund;

11 (12) the feasibility of allowing common ownership communities to:

12 (i) amend governing documents at least once every 5 years; and

13 (ii) require approval of amendments by at least 51% and no more
14 than two-thirds of homeowners, depending on the documents amended;

15 (13) the feasibility of requiring common ownership communities to be
16 licensed;

17 (14) the feasibility of requiring common ownership communities to post a
18 surety bond;

19 (15) the feasibility of permitting homeowners in common ownership
20 communities to petition for receivership of common ownership communities for cause;

21 (16) the feasibility of removing exemptions for common ownership
22 communities currently exempt from laws governing common ownership communities;

23 (17) the feasibility of establishing a condominium insurance deductible;

24 (18) the feasibility of establishing a limit on the amount collected by
25 common ownership communities related to assessments;

26 (19) alternatives to adjudication to collect assessments from delinquent
27 owners;

28 (20) the feasibility of requiring uniform disclosure requirements for the sale
29 of homes or dwelling units in a common ownership community; and

1 (21) the feasibility of requiring common ownership communities to deposit
2 annually updated copies of land records and governing documents with the circuit court.

3 (h) The Task Force shall submit a final report of its findings and
4 recommendations on or before December 31, 2024, to the Governor and, in accordance with
5 § 2–1257 of the State Government Article, the General Assembly.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
7 1, 2023. It shall remain effective for a period of 2 years and 1 month and, at the end of June
8 30, 2025, this Act, with no further action required by the General Assembly, shall be
9 abrogated and of no further force and effect.