

MBIA Amendment_FWA_SB 652

Uploaded by: Graf, Lori

Position: FWA

BY: Senator Young
(To be offered in the Judicial Proceedings Committee)

AMENDMENTS TO SENATE BILL 652
(First Reading File Bill)

AMENDMENT NO. 1

On page 5, strike lines 12 through 14 starting with “CURRENTLY SUBDIVIDED” and ending with “COMPLETE” and substitute “**TOTAL UNITS THAT MAY BE SUBJECTED TO THE CONDOMINIUM UPON FULL EXPANSION OF ALL PHASES**”.

AMENDMENT NO. 2

On page 6, strike lines 8 through 24 starting with “(IV) 1. WITHIN” and ending with “ASSERTED.”

AMENDMENT NO. 3

On page 1, in line 12, insert “**RECORDS OF**” between “and” and “accounts”.

On page 1, in line 22, insert “**RECORDS OF**” between “and” and “accounts”.

On page 7, in line 20, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 7, in line 23, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 7, in line 27, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 7, in line 32, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 8, in line 2, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 8, in line 4, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 8, in line 16, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

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On page 9, in line 7, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 9, in line 15, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 11, in line 11, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

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On page 14, in line 30, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 15, in line 1, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 15, in line 4, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

On page 15, in line 16, insert “**RECORDS OF**” between “AND” and “ACCOUNTS”.

AMENDMENT NO. 4

On page 10, in line 5, strike “COMPLETE” and substitute “**SUBJECTED TO THE DECLARATION OR OTHER GOVERNING DOCUMENT OF THE ASSOCIATION**”.

AMENDMENT NO. 5

On page 12, strike lines 15 through 28 starting with “(G) 1. WITHIN” and ending with “ASSERTED.”

MBIA_FWA_652

Uploaded by: Graf, Lori

Position: FWA

March 11, 2020

The Honorable William C. Smith, Jr.
Chairman, Judicial Proceedings Committee
Miller Senate Office Building, 2E
11 Bladen Street
Annapolis, MD 21401

RE: Support of Senate Bill 652 (Real Property - Condominiums and Homeowners Associations - Governing Bodies) with Amendment

Dear Chairman Smith:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, opposes Senate Bill 652 (Real Property - Condominiums and Homeowners Associations - Governing Bodies).

In concept, we do not disagree with much of the content of this bill. However, there needs to be some clarifying language specifically with regards to sections of the bill that calls for “25% of the currently subdivided units in the condominium”. We also have concerns with the language that is throughout the bill that deals with “and accounts”. We would request that be replaced with “record of accounts”. We believe that this is more accurate and allows for some flexibility.

Additionally, we have significant concerns with the language regarding bonding (page 6, section IV). Bonds are issued by the agency and the Association has no claim on the bond. Any decision that is made on bonds is done by the issuing agency. Only the named Obligee (the jurisdiction) has a right of claim against the bond. A surety bond is not an insurance policy. We believe that this language needs to be stricken from the bil..

For these reasons, MBIA looks forward to working with the sponsor of the bill to clarify the intent and support the bill.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Senate Judicial Proceedings Committee Members

CAI_FWA_SB652

Uploaded by: Randol, Steven

Position: FWA

Steven Randol, Chair

Charlene Morazzani Hood, MS, CMCA, AMS, PCAM, Vice Chair
Vicki Caine, Secretary

Reese F. Cropper III, CIRMS, Member
Julie Dymowski, Esq., Member

Ruth Katz, Esq., Member

Steven Landsman, PCAM, Member

Judyann Lee, Esq., Member

Chris Majerle, PCAM, Member

Buck Mann, CMCA, Member

March 9, 2020

Senator William C. Smith, Jr., Chairman
Judicial Proceedings Committee
2 East
Miller Senate Office Building
Annapolis, MD 21401

Re: SB 652 Real Property – Condominiums and Homeowners Associations – Governing Bodies

Hearing: March 11, 2020 Position: SUPPORT WITH AMENDMENTS

Dear Chairman Smith and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI MD-LAC represents individuals and professionals who reside in or work with condominiums, homeowners’ associations and cooperatives throughout the State of Maryland.

MD-LAC is writing today to voice our support for SB 652. The bill requires that meetings of a board or council/association be held at least twice per year and mandates that at least one unit or lot owner who is not affiliated with the developer be appointed to serve once 25% of the units or lots are conveyed to members of the public. This will assure more open governing of condominiums and homeowners’ associations that are still under developer control.

We perceive an issue with the use of the word “governing body”. Under the Condominium Act Section 11-101(i) **“Governing body” means the council of unit owners, board of directors, or any committee of the council of unit owners or board of directors.**” As governing body is used throughout the bill, it is unclear what is meant by use of the term. For example, on page 3, line 5 of the bill “THE GOVERNING BODY SHALL CONVENE AT LEAST TWO MEETINGS A

YEAR.” Which governing body, the board, the council or may a committee simply meet twice a year and satisfy this provision?

We suggest the words “governing body” be changed to “board of directors” in the following locations:

- Page 3, line 5
- Page 10, line 7
- Page 10, line 9
- Page 12, line 17
- Page 12, line 24

We respectfully request that the Committee give SB682 a favorable report with the amendments suggested. We are available to answer any questions which you may have. Please feel free to contact any of the individuals listed: Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or by email at lisa.jones@mdlobbyist.com; or Ruth Katz, Esquire MD-LAC for CAI at 301-657-0188, or by email at rokatz@lercheary.com; or Kathleen Elmore, Esquire, Ass’t Treas. MD-LAC for CAI at 410-544-6644 or by email at kelmores@elmores-throop.com; or Steven Randol, Chair 410-695-2183, or srandol@pineyorchard.com

Sincerely,

Ruth O. Katz

Ruth Katz, Esquire
MD-LAC for CAI
MD-LAC for CAI

Steven Randol

Steven Randol
Chairman
MD-LAC for CAI

Kathleen M. Elmore

Kathleen M. Elmore, Esquire
Ass’t Treasurer, MD-LAC for CAI

cc: Senator Ronald N. Young, Sponsor

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty 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.

Maryland Legislative Action Committee
Post Office Box 6636
Annapolis, Maryland 21401

CPD_FWA_SB652

Uploaded by: Straughn, Karen

Position: FWA

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

March 11, 2020

Writer's Direct Dial No.

410-576-7942

Fax: 410-576-7040

To: The Honorable William C. Smith, Jr.
Chair, Environment and Transportation Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 652 – Real Property - Condominium and Homeowner Associations –
Governing Bodies (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 652 submitted by Senator Ronald N. Young. This bill is intended to address situations that arise prior to the transfer of control to an association from the developer.

Specifically, the bill requires the developer to have two meetings a year so that association members can be informed about what is happening in their development. It further prevents the developer from comingling funds, and requires the developer to name a homeowner or unit owner to the board once the development is 25% complete. Finally, it requires that the association members be given 30 days' notice prior to the release of any governmental bonds.

Preventing the comingling of funds will ensure that association funds are used for association business only and prevents the developer from using association funds for developer operating expenses. In addition, it helps to address concerns that arise prior to the transition of control of an association so that an association will be financially more stable following transition. It also is important in situations in which the developer fails to complete the development, leaving the homeowners to pick up the pieces.

By requiring the developer to name a homeowner or unit owner to the board who is not affiliated with the developer once the development is 25% complete, the community members are given a greater voice in their community and will hopefully be more knowledgeable about events occurring in the development of their community. Finally, by providing information about the bonds and providing notice prior to release of these bonds, it ensures that association members can make a claim against the bond if the work is not completed.

200 Saint Paul Place ♦ Baltimore, Maryland 21202-2021

Main Office (410) 576-6300 ♦ Main Office Toll Free (888) 743-0023

Consumer Complaints and Inquiries (410) 528-8662 ♦ Health Advocacy Unit/Billing Complaints (410) 528-1840

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www.marylandattorneygeneral.gov



The Consumer Protection Division has received calls and complaints concerning the problems experienced by associations that are preparing to take control from the developer and those that have recently transferred control only to discover many problems. Many residents claim that they have been kept in the dark as to what is happening in their community prior to the transfer of control. Others have transitioned control only to find that there is no money in any of the accounts and suspect that the developer has used assessment funds to pay its operating costs. We have also heard from communities advising that bonds on the roads have been released without their knowledge, yet the roads in the community remain in need of repair or completion. This bill provides for greater disclosure to community members and helps to ensure that these types of problems can no longer occur, or that a remedy exists if they do.

Technical amendments have been included to delete the word accounts since this is not a defined term in the Condominium and Homeowners Association Acts. For these reasons, we ask that the Judicial Proceedings Committee return a favorable report on this bill with the technical amendments suggested.

cc: The Honorable Ronald N. Young
Members, Judicial Proceedings Committee

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AMENDMENT NO. 1

On page 1, line 12, after “books” insert AND and after records, strike “, and accounts”

AMENDMENT NO. 2

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On page 7, line 33, after “books” insert AND and after records, strike “, and accounts”

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On page 7, line 35, after “books” insert AND and after records, strike “, and accounts”

AMENDMENT NO. 11

On page 8, line 12, after “books” insert AND and after records, strike “, and accounts”

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SB652_FWA_CPD

Uploaded by: Straughn, Karen

Position: FWA

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