

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 369

(Delegate Braveboy, *et al.*)

Environmental Matters

Judicial Proceedings

Real Property - Homeowners Associations - Transition of Association Control - Study

This bill requires the Division of Consumer Protection in the Office of the Attorney General (OAG) to study the issue of the transfer of control of the governing body in a homeowner's association from a declarant or developer. The study should include the transfer of control in other forms of common ownership communities in Maryland and other states. The division must report its findings and recommendations to the General Assembly by December 31, 2007.

The bill takes effect July 1, 2007 and terminates December 31, 2007.

Fiscal Summary

State Effect: OAG could complete the required study with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Maryland Homeowners Association Act does not specifically regulate transfer of control of the governing body from a declarant or developer.

With limited exceptions, all books and records kept by or on behalf of a homeowners association must be made available for examination and copying during normal business hours after reasonable notice by a lot owner, a lot owner's mortgagee, and their agents or

attorneys. The association may impose a reasonable charge for reviewing or copying the books or records. The books and records must be deposited in the county's homeowners association depository. The depository is maintained by the clerk of the circuit court in each jurisdiction. If a homeowners association fails to deposit specified disclosures in the depository, those disclosures are unenforceable until deposited.

In Montgomery County, common ownership communities (condominiums, cooperative housing corporations, and homeowners associations) are required to register with the Commission on Common Ownership Communities, a 15-member volunteer body. The county's Office of Consumer Protection, together with the commission, operates a dispute resolution process.

Background: Chapter 469 of 2005 established the Task Force on Common Ownership Communities. The full task force met 10 times during 2006 and conducted 5 public hearings, at which public comments were solicited. In addition, subcommittees comprising task force members met several times. The task force made several recommendations on various topics. The bill does not reflect the task force recommendations.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Office of Administrative Hearings, Montgomery County, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2007
mll/jr Revised - House Third Reader - April 3, 2007

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