

Maryland

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Advocacy Highlights

The LAC of CAI studied over seventy-five bills introduced in 2012. Of these bills, thirty-five were monitored to ensure nothing got added by amendment that would warrant the LAC taking a position. Initially, nine bills deemed harmful to common ownership communities in Maryland were actively opposed, seventeen beneficial bills were supported in whole or in part, and two of these were so dramatically, and negatively, changed by amendment that the LAC expended significant effort to defeat the changed bills after initially supporting them.

The LAC has asked associations to contribute funds to pay for the advocacy that the LAC does on behalf of common ownership communities. These funds are used to pay for lobbyists who are a vital part of the LAC team. The main effort has been to ask managers to encourage associations to contribute \$1 for each unit. We have had modest success in doing this.

Right of Entry to Investigate Damage and Make Repairs-The LAC asked Delegate Pamela Beidle to introduce legislation ([HB 126](#)) to authorize a council of unit owners to enter a condominium to investigate damage and make repairs, as the law only authorized entry to make repairs. The final version of the bill states the council shall have an irrevocable right and an easement to enter units to investigate damage or make repairs when the investigation or repairs reasonably appear necessary for public safety

or to prevent damage to other portions of the condominium. The bill passed and became effective October 1.

Manager Licensing-Over the past four sessions of the General Assembly, several bills have been introduced to require managers of common interest ownership communities to be licensed. The LAC, in an effort to have a positive influence on the ongoing deluge of licensing legislation, engaged with key members of the committees to shape the legislation so that it would be in line with CAI's public policy and not be a burden on managers or associations should the legislature pass the legislation. The Maryland Common Interest Community Managers Act ([HB 433/SB 372](#)) was introduced this year by Delegate Beidle and Senator Delores Kelley. The legislation would have established a State Board of Common Interest Community Managers, on which a majority of the members would be managers, to administer a program of licensing. The Department of Labor, Licensing, and Regulation (DLLR) supported the legislation and helped draft favorable amendments. In an effort to keep the cost of the licensing at a reasonable level should this be enacted, the LAC supported a proposal whereby Maryland associations would be required to register annually and pay a nominal and capped registration fee. The projected licensing fee (if the legislation had passed) for individual managers was substantially reduced from previous estimates. SB372 received an unfavorable report from the Senate Judicial Proceedings Committee, and HB433 was subsequently withdrawn.

The LAC works to inform, seek input from, and urge advocacy for members of the Chesapeake Region Chapter and the Washington Metropolitan Chapter by providing email updates, speakers on legislative issues at Expos, and end-of-session reports for publication. These efforts were particularly important in dealing with manager licensing legislation because the LAC found there was a lot of misunderstanding and misinformation about the LAC's position and what the legislation would accomplish. We anticipate the need for these efforts to continue if the legislation is re-introduced next year. In addition to this outreach, the LAC held several discussions with the Prince George's County Office of Common Ownership Communities to find common ground on manager licensing and most likely will continue this dialogue next session.

Dispute Settlement Mechanism - Two bills supported by LAC that would extend the dispute settlement mechanism to HOAs ([HB 76/SB 184](#)) were introduced. SB184 received an unfavorable report in the Senate, but an amended HB76 bill passed the House of Delegates on March 8, and subsequently met the same fate as SB184.

Foreclosure of Certain Liens Prohibited – [SB 78](#) would have altered the order in which payments are recorded, and might have prevented associations from being repaid legal fees and collection costs in collecting past due assessments. It was vigorously opposed by LAC, but passed in the Senate. The House version ([HB 77](#)) was given an unfavorable report, and the Senate version was also reported unfavorably by the House Environmental Matters Committee.

Notice to Lot Owners-The LAC supported a bill ([HB 155](#)) to require HOA boards to send proposed rules to all lot owners and hold a hearing at which owners could comment before adopting and enforcing a rule. The bill was given an unfavorable report by the Committee.

Claims Provisions-The LAC originally supported [HB 740/SB 725](#), which made it illegal for any provision of a declaration, bylaw, contract for a unit sale, or any other instrument that purports to shorten the statute of limitations for specified claims; purports to waive the application of a specified accrual date for specified claims; operates to prevent the filing of a lawsuit or other proceeding within an applicable

statute of limitations, or requires the assertion of a claim within a shorter time period than applicable. This bill was passed by the Senate, and a subsequent amendment was added by the House subcommittee, which changed the bill from one that disallowed developers from shortening the statute of limitations to allowing developers to disclaim all warranties protected in the Maryland Condominium Act by selling a unit “as is” and for a “discount” from a developer set price. The LAC expended significant effort, without success, to have the House bill revert back to the Senate version. The two versions could not be reconciled before the end of the legislature and therefore will have to be taken up again in the next session if they are to become law.

Provision of Disclosure Documents-[HB 75/SB 1015](#) provided that a seller of a residential condominium must provide resale disclosure documents without charge to a purchaser, and that a mortgagee or trustee designated under the deed of trust shall provide disclosure documents to the purchaser of a condominium unit at a foreclosure sale. The measure failed upon adjournment.

Notice of Potential Special Assessments-[HB 262/SB 75](#) required associations to list “potential special assessments” in a resale package if it had been mentioned in agendas, minutes, votes, or mailings sometime during the previous year. The measure failed upon adjournment.

Required Contract for Management Services-[HB 352](#) required that a service provider who assists in providing certain management services for a common interest community to enter into a written contract with the governing body of the common interest community in order to provide the management services. The measure failed upon adjournment.

Fidelity Insurance Indemnification – [HB 741/SB 74](#) required management companies that provide certain services to cooperative housing corporations, condominiums, or homeowners associations to purchase specific fidelity insurance. The measure failed upon adjournment.

Bylaws Filed in Land Records-[HB 1255](#) required the bylaws of a homeowners association to be filed in land records. The measure failed upon adjournment.

District Court Jurisdiction of Homeowners Associations-[HB 1243](#) granted exclusive jurisdiction to the District Court for enforcement of recorded covenants and restrictions, a declaration or by laws of a homeowners association. The measure failed upon adjournment.

Foreclosure Sales-[SB 98](#) required a purchaser in a foreclosure sale to, among other things, record a deed transferring title to the property. The measure failed upon adjournment.

Termination of Contracts-[SB 183](#) authorized a condominium board of directors, without liability for the termination and on 30 days' notice to the contractor, to terminate a contract entered into by the developer or previous board within 180 days after the board of directors is elected. The measure failed upon adjournment.

Governing Bodies-[SB 202/HB 79](#) required, among other things, the board of directors of a condominium, homeowners association or cooperative to hold at least two meetings each year; and the developer of a condominium to appoint a unit owner to the governing body within 30 days from the date 25 percent of units are conveyed. The measure failed upon adjournment.

Payment of Assessments and Fees-[SB 685/HB 850](#) authorized, among other things, a council of unit owners to petition the District Court for relief if a unit owner and is renting the unit to a tenant and had failed to pay assessments fees for 90 days or longer and to authorize the District Court to enter an order directing the tenant to pay rent due under the lease to the council of unit owners or a designated custodian. The measure failed upon adjournment.