

2017 End of Session Report

The Maryland Legislative Action Committee (the "LAC") was kept extremely busy during the 2017 Maryland General Assembly. Literally hundreds of collective hours were spent by LAC volunteers reviewing bills, drafting testimony for or against, testifying and consulting with the full LAC and subcommittees, working with our lobbyists, meeting with legislators and other decision makers and testifying for and against bills. Hats off to the volunteers that gave so willingly and generously of their time for LAC work, which is year round but certainly peaks in December through April of each year.



WHAT'S NEW? (EFFECTIVE 10/1/17 UNLESS OTHERWISE NOTED)

NOTICE OF FORECLOSURE (HB 1048/SB 875) – Persons filing foreclosure actions are required to file a notice of such filing with the Department of Labor, Licensing and Regulation (DLLR) within 7 days of such filing. The notice will be required to specify name, address and telephone number of the person authorized to make the sale **and** the person authorized to maintain and manage the property prior to sale. DLLR is expressly permitted to provide such information to homeowners and condominium associations. (Note effective *October 1 2018*).

SALE OF COMMON AREAS (HB1369/SB809) – The bill originally was drafted to require notice of certain common element sales by the governing body of the County or other entity selling common area. This would have helped address the sale of common areas (primarily HOAs as opposed to condominiums) due to unpaid Clean Water Act taxes. Unfortunately, the bill was amended after introduction to eliminate any additional notice by the counties to Associations, while mandating Association notice of such sales. How Associations will comply with the new law, when often they are not notified of such sales, is something that the LAC attempted to address this year and intends to try again in 2018.

TERMINATION OF UTILITY SERVICE IN MULTIFAMILY BUILDINGS (HB261) – Permits tenants and owners/landlords of units in multifamily buildings to agree to permit the utility to notice the owner, or the owner's agent, before utility service is suspended. The LAC's efforts to require notice to the "buildings" community manager was opposed. However, condominium associations may want to consider whether to review its leasing rules/lease addendums to determine if the association is at least able to include language requiring tenant authorization for notice of cancellation to the owner/owner's agent.

AMENDMENT OF GOVERNING DOCUMENTS (HB789) – This bill will reduce to 60% the number of votes that will be needed to approve an amendment to the governing documents of a Homeowners Association or Bylaws of a condominium (unless the governing documents or bylaws provide a lower requirement). In addition, the bill excludes from the 60% computation members that are not in "good standing" (i.e., more than 90 days in arrears in payments due to the Association).

RESALE INSPECTION FEES-HOA ACT (HB34) – Expressly authorizes homeowners associations to charge “inspection fees” as part of the resale process as required. The Condominium Act was amended during the 2016 session of the General Assembly to charge such fees. Unfortunately, the bill was amended after being introduced to limit the fee to up to \$50. The LAC intends to seek amendment during the 2018 Session to raise this fee to at least \$100 (equal to the condominium inspection fee) and to clarify other areas.

NOTICE OF FORECLOSURE/CANCELATION/POSTPONEMENTS (HB26) – Notice of a foreclosure sale must be provided to Associations that have a recorded lien at least 30 days in advance of a foreclosure sale; but now sales that are cancelled or postponed must also be provided to associations with recorded liens. Notice of cancelled or postponed sales will save associations the time and effort of trying to confirm such information independently.

SMALL CLAIM ACTIONS/APPEALS (SB500) – Current law allows officers or employees of certain entities to represent the entity (e.g., corporations) in small claims actions in District Court; the new law will allow those persons to also continue to represent the entity in the appeal of such actions from the District Court.

SIGNIFICANT BILLS CONSIDERED BUT NOT PASSED:

ELECTRIC CHARGING STATIONS (HB699) – This bill would have greatly diluted the ability of community associations to control the installation of individual electrical charging equipment in certain common elements. The LAC supported this bill with amendments that would have upheld the right of associations to enforce reasonable restrictions.

STATEWIDE COMMUNITY ASSOCIATION REGISTRATION (HB41) – This bill would have required registration of Maryland community associations and the payment of an annual registration fee.

MANDATORY RESERVES (HB651) – This bill would have mandated that community associations obtain periodic reserve studies; while the concept was supported by the LAC, the specific requirements of the bill would not have provided adequate guidance or protection for associations.

EXPANSION OF DEBTOR EXEMPTIONS (SB950) – The LAC opposed this bill which would have greatly expanded exemptions for assessment debtors and made it harder for community associations to collect outstanding dues.

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