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## MARYLAND *Legislative Update*

### NEW LAWS HELP CONDOS AND HOAS

The Maryland General Assembly in 2018 considered many bills which directly affect Maryland condominiums, homeowner associations, and housing cooperatives. Several new laws actively supported by the CAI Maryland Legislative Action Committee (MD-LAC) were enacted.

#### **Suspension of Parking and Amenities**

A bill initiated by the MD-LAC to make it easier for condominium associations to collect delinquent assessments by suspending use of the common area parking lots and recreational facilities was approved unanimously in the final days of the legislative session.

The new law allows approval by 60 percent of the total eligible votes to amend a condo declaration to provide for suspension of use of these portions of the condominium property when an owner is delinquent in paying the condo assessments for more than 60 days. This is far less than the 80 percent minimum required by the Maryland Condominium Act for other declaration amendments, and some older condo documents require as much as 100 percent approval. The new amendment procedure will take effect October 1, 2018 (HB 575).

The legislation was in response to a 2017 Maryland appeals court ruling that a board of directors did not have the authority to

adopt rules for suspending use of the common property. Instead, any such restriction must be in the condo declaration

#### **Purchaser Protections**

Beginning October 1, 2018, condo developers will no longer be able to put provisions in condominium bylaws or sales contracts which shorten the time for condo associations and owners to file suit against the developer regarding construction defects. This applies to claims which allege failure to comply with implied, statutory warranties, building codes, government-approved plans, and specifications, or manufacturer's installation instructions (HB 77/SB 258).

Separately, a new law will allow for an earlier turnover of developer control of a homeowners association by preventing developers from using a disproportionate weighting of votes for lots owned by the developer. Instead of getting multiple votes for each lot, the developer will have one vote for each lot which has been subdivided, recorded in the land records, and not yet sold to a member of the public. This new law takes effect July 1, 2018 (HB 669). Both of these bills were supported by the MD-LAC.

#### **Discriminatory Covenants**

Where covenants restrict ownership based on race, religious belief, or national origin, the board of a homeowners association


must delete these unenforceable restrictions from common area deeds and declarations by September 30, 2019. The board may delete these restrictions without action by the homeowners, as of October 1, 2018. The MD-LAC supported the final version of this legislation which included changes suggested by the MD-LAC regarding the authority and obligations of a board to take such action and eliminating provisions which would have created new fair housing liability for HOAs (SB 621).

#### **Master Electric and Gas Meters**

The Maryland Public Service Commission (PSC) will no longer be able to authorize new gas or electric service for leased or owned multi-family residential properties unless there are individual meters or submeters, as of July 1, 2018. The PSC must also study the feasibility of transitioning master meters for gas or electric service to energy allocation systems or submeters in apartment buildings, condominiums and housing co-operatives and report its findings to the General Assembly by January 15, 2019 (HB 1491).

In Prince George's County, beginning June 1, 2018, master meters for gas, electricity, or water will no longer be allowed in a residential multi-family occupancy building that is newly constructed or converted for condominium or co-operative ownership.





A property with an existing master meter system cannot be converted to condominium or cooperative ownership until individual meters have been installed for each individual dwelling unit and the common areas (HB 218).

### Not This Year

Many other bills concerning the management and governance of condos, HOAs and co-ops were considered but not enacted. Several bills were introduced again this year to establish a state agency to regulate community association managers and require managers to obtain a license based on training and testing, but all died in committee without any action (HB 1158/SB 1208 and SB 65).

A bill initiated by the MD-LAC to revise the dispute settlement procedure for condos and to extend a similar dispute settlement procedure to HOAs was passed by the House but did not make it through the Senate Committee (HB 1097). And, bills concerning board conflicts of interests (SB 95) and HOA governance procedures (HB 1007/SB 883) were not acted on.

Legislation to restrict the authority of condos and HOAs to regulate electric vehicle recharging stations died in committee (HB 602). Other bills killed in committee would have required condo developers to provide the board with information about government bonds on common areas; required an earlier transition of the board to the homeowners, and required a developer to obtain a replacement reserve study and provide reserve funding (HB 564/SB 432 and HB 997). A bill to amend a 2017 law to reduce the vote required to amend condo and HOA governing documents was also not acted on (HB 413).

These bills can be obtained on the website of the Maryland General Assembly.

### Chapter Legislative Committee

In addition to the MD-LAC, which advocates for CAI at the state-level, the Washington Metro Chapter's Maryland Legislative Committee monitors government activities and advocates for CAI members in Montgomery and Prince George's County.

A new Montgomery County law to allow short-term rentals in all residential areas with a license issued by the County takes effect July 1, 2018. In response to suggestions from the Chapter Legislative Committee, the new law requires an applicant for a short-term rental license to notify the condo, HOA or coop where the property is located; requires the owner to be current in payment of association assessments; and confirms that any association restrictions on leasing are not pre-empted by the County law.

In Prince George's County, homeowners and community association managers were appointed to the recently-established Commission on Common Ownership Communities which works with the County Office of Community Relations in providing educational resources to association boards and owners.

The Chapter Maryland Legislative Committee serves as the conduit for sharing information and concerns with the members and staff of both the Montgomery County and Prince George's County Commission on Common Ownership Communities.

To attend meetings of the Chapter Legislative Committee or contribute funds to support MD-LAC lobbying activity, please contact the Chapter Office. 