

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1506
Economic Matters

(Delegate Ross)

Judicial Proceedings

Condominiums and Homeowners Associations - New Owner Fees - Limitations

This bill limits, subject to a certain exemption, the amount a condominium or homeowners association (HOA) may charge a new owner (other than an initial owner or purchaser) as an initial capital contribution or similar fee due at closing. Specifically, an initial capital contribution or similar fee may not exceed three times the amount of monthly assessments paid by an existing owner at the time of closing. The bill requires the resale certificate, package, or disclosure statement to include (1) the fee described above, labeled as a new owner, initiation, or capital contribution fee; (2) the amount of such a fee; and (3) any other fee required for settlement.

Fiscal Summary

State Effect: The bill does not affect State operations or finances.

Local Effect: The bill does not affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: The bill’s requirements do not apply to a “master planned community,” including a senior age-restricted community, that provides services similar to those offered by municipalities for multiple individual condominiums. A “master planned community” means a large-scale, comprehensive residential development that integrates homes, commercial spaces, and amenities such as dog parks, hiking and biking trails, pools, and sport courts and functions in a similar manner to municipalities.

Current Law: State statute does not expressly limit initial capital contributions or similar fees charged at closing. Generally, the Maryland Condominium Act (MCA) and the Maryland Homeowners Association Act (MHAA) authorize the governing body of these communities to fund common expenses through assessments and require reserve studies, funding plans, and annual budgets. However, the MCA and MHAA do require certain disclosures during the resale of specified units and lots within condominiums and HOAs. Those disclosures include, among other information, the current assessments, delinquent/unpaid amounts, and other necessary fees.

For more information on condominiums and HOAs, which are commonly referred to as common ownership communities, see the **Appendix – Common Ownership Communities**.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2026
jg/jkb Third Reader - April 2, 2026
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Appendix – Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, the person may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities (COCs). In Maryland, a growing number of newly constructed or newly converted residences are located in some form of a COC. Because registration of the various COCs is not required statewide, the exact number of COCs in Maryland is unknown. However, the Foundation for Community Association Research estimated that there were 7,200 community associations with an estimated 1.1 million residents in these associations in the State in 2024.

The affairs of a condominium are governed by a council of unit owners, which comprises all unit owners. Among other powers, the council of unit owners has the power to impose assessments on the unit owners to pay common expenses. A council of unit owners may delegate its powers to a board of directors, officers, or a managing agent. Condominiums are governed under Title 11 of the Real Property Article.

Many new housing developments are subject to a homeowner's association (HOA) that is created by a governing document and has the authority to impose mandatory fees on lots in the development in connection with the provision of services or for the benefit of the lots, the lot owners, or the common areas. HOAs are governed under Title 11B of the Real Property Article.

A cooperative housing corporation or "cooperative" is a corporation that owns real property. A resident of a cooperative does not own an individual unit; instead, the person owns an interest in the corporation, which leases the unit to the person for residential use. Cooperatives are governed by the laws in Title 5, Subtitle 6B of the Corporations and Associations Article.

Condominiums and HOAs may be authorized by their governing documents to impose liens on units or lots to collect unpaid assessments or fees. In a cooperative, the governing documents usually provide for the collection of delinquent fees, and evictions for outstanding fees are generally pursued by way of a landlord-tenant action.