

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1506 (Delegate Ross)  
Economic Matters

---

**Condominiums and Homeowners Associations - New Owner Fees - Limitations**

---

This bill limits the amount that a condominium or homeowners association (HOA) may charge a new owner/purchaser (other than an initial owner/purchaser) as an initial capital contribution or similar fee to be paid at closing. Specifically, an initial capital contribution or similar fee may not exceed the amount of monthly assessments paid by an existing owner at the time of closing.

---

**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**

**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

---

Analysis by: Donovan A. Ham

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

## **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.