

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1529 (Delegates Ross and Holmes)
Economic Matters

Baltimore County - Local Commission on Common Ownership Communities

This bill establishes specific requirements for a local common ownership commission created by Baltimore County, including requirements related to membership, fees, coordination with other local government agencies, and the registration of common ownership communities (COCs). The bill also establishes procedures and requirements for dispute resolution.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: Baltimore County expenditures increase to the extent it utilizes its authority under the bill to establish a local common ownership commission or incurs costs to conform operations of existing units to the bill's requirements. Baltimore County revenues increase if it establishes fees, as authorized under the bill. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Definitions

A "common ownership community" means a condominium; cooperative housing corporation; or a homeowners association (HOA), as those terms are defined in applicable

statute, as specified. The bill explicitly excludes a time-share project (as defined in § 11A-101 of the Real Property Article) from the definition.

A “dispute” means a disagreement between at least two parties that involves:

- the authority of a governing body of a COC to (1) require or prohibit any action involving a unit or common element; (2) require any person to pay a fee, a fine, or an assessment; (3) spend COC funds; or (4) alter or add to a common element; or
- the failure of a governing body of a COC to (1) properly conduct an election; (2) give adequate notice of a meeting or other action; (3) properly conduct a meeting; (4) properly adopt a budget or rules; (5) maintain or audit books and records; (6) allow inspection of books and records; (7) maintain or repair a common element if the failure results in significant personal injury or property damage; or (8) exercise its judgment in good faith concerning the enforcement of the governing documents against any person that is subject to those documents.

However, a dispute does not include a disagreement that involves title to any unit or common element; the percentage interest or vote allocable to a unit; the interpretation or enforcement of any warranty; the collection of an assessment validly levied against a party; or the exercise of the judgment or discretion of a COC regarding any legally authorized action.

Baltimore County Local Commission – In General

Membership: If Baltimore County establishes a local commission on COCs, the commission must include members (1) who are owners in a COC and (2) represent certain professions, as specified. The county executive must determine the total number of members of the local commission.

In addition, a designee of the county executive; a designee of the county council; and a designee of a county agency dealing with planning, environment, permitting, transportation, or housing and community affairs must serve as nonvoting members.

The chair and vice chair of the local commission must be elected from among the voting membership of the local commission. The county executive must adopt procedures for the appointment and terms of members; however, a member of the local commission may not serve more than two consecutive terms.

Operating Requirements and Procedures: The local commission must meet at least monthly. A member of the local commission may not receive compensation as a member but is entitled to reimbursement for expenses under the standard county travel regulations.

The local commission must:

- adopt rules of professional conduct as appropriate for members and staff;
- keep a record of its proceedings;
- examine the needs of COCs in the county;
- advise the county council, the county executive, and appropriate State and county agencies on matters relating to COCs; and
- provide training on the responsibilities of the local commission's members to the governing body of a COC by (1) developing an educational curriculum for new members and (2) approving an alternative educational curriculum for new members.

The local commission may:

- employ staff as authorized by the county;
- establish a process for resolving disciplinary matters pending before the local commission through nonjudicial dispute resolution processes;
- develop educational and training opportunities for governing bodies;
- adopt additional bylaws necessary to carry out the business of the local commission; and;
- adopt any additional regulations, procedures, or standards consistent with the mission of the local commission to carry out the requirements of the bill.

If Baltimore County establishes a local commission, the county executive must designate an agency or office to, among other responsibilities:

- disseminate educational materials regarding programs that assist COCs;
- conduct educational programs to promote the operation of COCs;
- maintain information and a referral system for all county services related to COCs;
- provide technical assistance to governing bodies on specified matters;
- advise COCs and professional association managers of changes in the laws and regulations that affect their communities or operations; and
- operate a dispute resolution process to furnish mediation and administrative hearings.

When establishing the local common ownership commission, Baltimore County must require COCs in the county to register with the local commission annually, using a form meeting specified requirements. If a COC fails to register or makes a false statement on the registration form, the entity becomes ineligible to file a dispute.

Authorized Fees: If Baltimore County establishes a local common ownership commission, the county may authorize the collection of a reasonable fee for services provided by the commission. Any authorized fee must be used to cover the cost of maintaining the local commission, as specified. If collection of a fee by the local commission is authorized, the local commission must publish the fee schedule.

Local Government Commissions – Dispute Resolution

In General: The local commission may hear any dispute between parties. However, a party may not file a dispute with the local commission until (1) the party has made a good faith effort to exhaust all procedures and remedies provided by the governing documents of the COC and (2) at least 60 days after a procedure or remedy has been initiated with the governing body of a COC.

If the governing body of a COC determines that a dispute exists, it must notify the other parties of the option to file the dispute with the local commission. The governing body of a COC is prohibited from taking action to enforce or implement the decision of the governing body for 14 days following notification of all other parties.

Stays: Unless specified otherwise, on the filing of a dispute with the local commission, the decision of the governing body of a COC must be stayed and may not be enforced or implemented, other than by filing a civil action, until the completion of the dispute process.

The bill authorizes the governing body of a COC to submit a request to lift an automatic stay under the bill and establishes related procedures, including those governing service and the formation of a panel to consider requests for relief from stays (and grant requests, as appropriate and specified in the bill).

Procedures: Following the filing of a dispute with the local commission, the designated local coordinating agency may investigate facts and assemble documents relevant to the dispute and may prepare a summary of the issues in the dispute for use by the local commission. The designated agency may (1) notify a party if it finds that a dispute was not properly filed and (2) notify each party of the dispute regarding possible sanctions.

If the designated agency finds that (assuming all facts alleged by the party that filed the dispute are true) there are no reasonable grounds to conclude that a violation of applicable law or any governing document has occurred, the designated agency must inform the local commission.

On receipt of the results of an investigation by a designated agency, the local commission may (1) if it finds that there are no reasonable grounds to conclude that a violation of applicable law or any governing document has occurred, dismiss the dispute; (2) request

additional investigation by the designated agency; or (3) schedule a hearing on the dispute. The local commission may reconsider the dismissal of a dispute if any party files a motion to reconsider, as specified.

Mediation: Any party in a dispute may request mediation. If a party requests mediation, the local commission must notify all parties of the request and of the mediation session. The local commission must provide a qualified mediator to meet with the parties within 30 days after a party requests mediation to attempt to settle the dispute.

However, if a party refuses to attend a mediation session, or if mediation does not successfully resolve the dispute within 10 days after the first mediation session is held, the local commission must promptly schedule a hearing.

Hearings: If a hearing is scheduled, the chair of the local commission must convene a panel to hear the dispute. The bill specifies requirements for membership of the panel. A hearing panel must hold a hearing on each dispute that is not resolved through mediation under the bill unless the local commission determines that the dispute is identical to another dispute between the same parties on which a hearing has already been held under the bill's provisions or is clearly not within the jurisdiction of the local commission.

The local commission must provide specified notice of a hearing to all parties. A party or witness may be advised by counsel at a hearing. If a party, after proper notice, does not appear at the scheduled hearing, the hearing panel may order any relief for another party that the facts on record warrant.

The hearing panel must apply State and county laws and all relevant case law to the facts of the dispute. A decision of the hearing panel is binding on the parties. The local commission may enforce a decision of the hearing panel by appropriate legal action. In addition to any other enforcement action, the local commission may (1) file for injunctive relief to enforce or correct any violation and (2) file to recover damages for a loss sustained as a result of a violation.

A hearing panel may award costs, including reasonable attorney's fees, to any party if any other party (1) filed or maintained a frivolous dispute, or filed or maintained a dispute in bad faith; (2) refused to participate in mediation of a dispute; or (3) substantially delayed or hindered the dispute resolution process without good cause. In addition, a hearing panel may require a losing party in a dispute to pay all or part of any filing fee. Baltimore County may establish additional hearing procedures and requirements, as specified.

Appeals: Any party may appeal a hearing panel decision to a court with proper jurisdiction. An appeal of a decision must be consolidated with any case arising from the same facts. The court hearing an appeal must sustain the decision of the hearing panel unless the

decision is inconsistent with applicable law, lacks substantial evidence, or is arbitrary and capricious.

Civil Cause of Action: A party may file a civil action arising from a governing document or a law regulating the powers of a governing body of a COC. If the court is notified that a dispute has been filed with the local commission in accordance with the bill, the court may postpone a proceeding for at least 90 days. The court may hear the action *de novo* if a hearing panel assigned to the dispute has not issued a decision on the bill.

Current Law: Generally, State statute includes the Maryland Condominium Act, the Maryland Homeowners Association Act, and the Maryland Cooperative Housing Corporation Act, all of which regulate various aspects of COC operations.

For more information on condominiums, HOAs, and cooperative housing corporations, commonly known as COCs, see the **Appendix – Common Ownership Communities**.

Local Fiscal Effect: The bill does not require Baltimore County to establish a local commission on COCs. However, if the county elects to establish such a commission, the county must abide by the specific guidelines outlined in the bill. Although Baltimore County expenditures likely increase if it establishes a local commission, any impact directly attributable to the bill is only to the extent that, absent the bill’s requirements, the commission established by the county would have differed in a way that may have minimized costs that are likely incurred to meet the bill’s specific requirements. Similarly, the bill’s impact on Baltimore County revenues depends upon whether the county establishes fees in accordance with the bill’s provisions; depending on the amount of any potential fees charged, such fees may partially, if not fully, cover operating costs.

Small Business Effect: The impact is potentially meaningful if Baltimore County establishes a commission and COCs are subject to more fees and costs related to the dispute resolution process as specified under the bill.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore County; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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caw/jkb

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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.