

SENATE BILL 511

C1, N1

6lr1288
CF HB 85

By: **Senator Smith**

Introduced and read first time: February 2, 2026

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 2026

CHAPTER _____

1 AN ACT concerning

2 **Corporations and Associations – Cooperative Limited Equity Housing**
3 **Corporations – Establishment**

4 FOR the purpose of authorizing a Maryland nonstock corporation to convert to a
5 cooperative limited equity housing corporation and establishing certain procedures
6 and requirements for the conversion of a Maryland nonstock corporation to a
7 cooperative limited equity housing corporation; establishing the allocation of votes
8 in a cooperative limited equity housing corporation; requiring a cooperative limited
9 equity housing corporation to provide certain notice and an offer to certain
10 households under certain circumstances; requiring a cooperative limited equity
11 housing corporation to reimburse certain households for moving expenses;
12 restricting the appreciation and sale of a cooperative interest in a cooperative limited
13 equity housing corporation; requiring a certain membership composition for a
14 cooperative limited equity housing corporation; authorizing the Department of
15 Housing and Community Development to establish certain rights and requirements
16 for a cooperative limited equity housing corporation and its members and to provide
17 certain grants to promote the establishment of cooperative limited equity housing
18 corporations; prohibiting local governments from imposing certain restrictions on
19 cooperative limited equity housing corporations or the conversion of a Maryland
20 nonstock corporation to a cooperative limited equity housing corporation; and
21 generally relating to cooperative limited equity housing corporations and the
22 conversion of Maryland nonstock corporations.

23 BY repealing and reenacting, with amendments,
24 Article – Corporations and Associations

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 5–207(a)
 2 Annotated Code of Maryland
 3 (2025 Replacement Volume)

4 BY adding to
 5 Article – Corporations and Associations
 6 Section 5–6D–01 through 5–6D–09 to be under the new subtitle “Subtitle 6D.
 7 Cooperative Limited Equity Housing Corporations”
 8 Annotated Code of Maryland
 9 (2025 Replacement Volume)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 11 That the Laws of Maryland read as follows:

12 **Article – Corporations and Associations**

13 5–207.

14 (a) (1) A nonstock corporation may consolidate or merge only with:

15 (I) **ANOTHER** nonstock corporation; **OR**

16 (II) **A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION**
 17 **UNDER SUBTITLE 6D OF THIS TITLE.**

18 (2) A Maryland nonstock corporation may convert only into a foreign
 19 corporation that does not have the authority to issue stock.

20 (3) A foreign corporation that does not have the authority to issue stock:

21 (i) May convert into a Maryland nonstock corporation; and

22 (ii) May not convert into [a]:

23 1. **A** Maryland corporation that has the authority to issue
 24 stock; **OR**

25 2. **A COOPERATIVE LIMITED EQUITY HOUSING**
 26 **CORPORATION UNDER SUBTITLE 6D OF THIS TITLE.**

27 **SUBTITLE 6D. COOPERATIVE LIMITED EQUITY HOUSING CORPORATIONS.**

28 **5–6D–01.**

29 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
 30 **INDICATED.**

1 (B) "ARTICLES OF INCORPORATION" MEANS THE CHARTER BY WHICH A
2 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION BECOMES INCORPORATED
3 UNDER THIS ARTICLE.

4 (C) "BYLAWS" MEANS THE DOCUMENT THAT DETAILS AND GOVERNS THE
5 INTERNAL ORGANIZATION AND OPERATION OF THE COOPERATIVE LIMITED EQUITY
6 HOUSING CORPORATION.

7 (D) "CONVERSION" MEANS THE TRANSITION OF A PROPERTY FROM A
8 RESIDENTIAL RENTAL FACILITY TO A PROPERTY OWNED BY A COOPERATIVE
9 LIMITED EQUITY HOUSING CORPORATION FOR USE BY THE COOPERATIVE LIMITED
10 EQUITY HOUSING CORPORATION, THE MEMBERS, AND THE HOUSEHOLDS OF THE
11 MEMBERS.

12 (E) "COOPERATIVE INTEREST" MEANS THE OWNERSHIP INTEREST IN A
13 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION THAT IS COUPLED WITH A
14 POSSESSORY INTEREST IN REAL OR PERSONAL PROPERTY OWNED BY THE
15 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION AND EVIDENCED BY A
16 MEMBERSHIP CERTIFICATE.

17 (F) "COOPERATIVE LIMITED EQUITY HOUSING CORPORATION" MEANS A
18 MARYLAND NONSTOCK CORPORATION QUALIFIED IN THE STATE, HAVING ONLY ONE
19 CLASS OF MEMBERSHIP, IN WHICH EACH MEMBER, BY VIRTUE OF THE MEMBER'S
20 MEMBERSHIP, HAS A COOPERATIVE INTEREST IN THE CORPORATION.

21 (G) "COOPERATIVE PROJECT" MEANS ALL THE REAL AND PERSONAL
22 PROPERTY IN THE STATE THAT IS OWNED OR LEASED BY A COOPERATIVE LIMITED
23 EQUITY HOUSING CORPORATION FOR THE PRIMARY PURPOSE OF RESIDENTIAL USE.

24 (H) "DISABLED PERSON" MEANS A PERSON WITH A MEASURABLE
25 LIMITATION OF MOBILITY DUE TO CONGENITAL DEFECT, DISEASE, OR TRAUMA.

26 (I) "LOW-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WITH AN INCOME
27 THAT DOES NOT EXCEED 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF
28 THE SAME SIZE.

29 (J) "MEMBER" MEANS AN INDIVIDUAL ~~WHO~~ OR A HOUSEHOLD THAT OWNS
30 A COOPERATIVE INTEREST ON BEHALF OF A HOUSEHOLD.

31 (K) "MEMBERSHIP CERTIFICATE" MEANS:

1 **(1) A DOCUMENT ISSUED BY A COOPERATIVE LIMITED EQUITY**
2 **HOUSING CORPORATION EVIDENCING OWNERSHIP OF A COOPERATIVE INTEREST;**
3 **OR**

4 **(2) IF THERE IS NO DOCUMENT THAT SATISFIES ITEM (1) OF THIS**
5 **SUBSECTION, AN OCCUPANCY AGREEMENT.**

6 **(L) “MODERATE-INCOME HOUSEHOLD” MEANS A HOUSEHOLD WITH AN**
7 **INCOME GREATER THAN 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF**
8 **THE SAME SIZE BUT THAT DOES NOT EXCEED 120% OF THE AREA MEDIAN INCOME**
9 **FOR A HOUSEHOLD OF THE SAME SIZE.**

10 **(M) “MOVING EXPENSES” MEANS COSTS INCURRED TO:**

11 **(1) HIRE CONTRACTORS, LABOR, TRUCKS, OR EQUIPMENT FOR THE**
12 **TRANSPORTATION OF PERSONAL PROPERTY;**

13 **(2) PACK AND UNPACK PERSONAL PROPERTY;**

14 **(3) DISCONNECT AND INSTALL PERSONAL PROPERTY;**

15 **(4) INSURE PERSONAL PROPERTY TO BE MOVED; AND**

16 **(5) DISCONNECT AND RECONNECT UTILITIES SUCH AS TELEPHONE**
17 **SERVICE, GAS, WATER, AND ELECTRICITY.**

18 **(N) (1) “OCCUPANCY AGREEMENT” MEANS AN AGREEMENT WITH THE**
19 **COOPERATIVE LIMITED EQUITY HOUSING CORPORATION UNDER WHICH A MEMBER**
20 **AND THE HOUSEHOLD OF A MEMBER HAS AN EXCLUSIVE POSSESSORY INTEREST IN**
21 **A UNIT AND A POSSESSORY INTEREST IN COMMON WITH OTHER MEMBERS IN THAT**
22 **PORTION OF A COOPERATIVE PROJECT NOT CONSTITUTING UNITS AND THAT**
23 **CREATES RESTRICTIONS AND OBLIGATIONS SIMILAR TO A LEGAL RELATIONSHIP OF**
24 **LANDLORD AND TENANT BETWEEN THE CORPORATION AND THE MEMBER,**
25 **RESPECTIVELY.**

26 **(2) “OCCUPANCY AGREEMENT” INCLUDES, IF THERE IS NO OTHER**
27 **DOCUMENT THAT SATISFIES PARAGRAPH (1) OF THIS SUBSECTION, A MEMBERSHIP**
28 **CERTIFICATE.**

29 **(O) “RESIDENTIAL RENTAL FACILITY” MEANS PROPERTY CONTAINING AT**
30 **LEAST FIVE DWELLING UNITS LEASED FOR RESIDENTIAL PURPOSES.**

31 **(P) “SENIOR CITIZEN” MEANS A PERSON WHO IS AT LEAST 62 YEARS OLD.**

1 **(Q) "SUBSCRIPTION AGREEMENT" MEANS A WRITTEN AGREEMENT IN**
2 **WHICH A PROSPECTIVE MEMBER SUBSCRIBES TO ACQUIRE A COOPERATIVE**
3 **INTEREST.**

4 ~~**(Q)**~~ **(R) "UNIT" MEANS A PORTION OF THE COOPERATIVE PROJECT**
5 **AVAILABLE FOR EXCLUSIVE OCCUPANCY BY A MEMBER AND THE HOUSEHOLD OF A**
6 **MEMBER UNDER AN OCCUPANCY AGREEMENT OR TO ANY PERSON THE MEMBER**
7 **RENTS THE PORTION TO.**

8 **5-6D-02.**

9 **A MARYLAND NONSTOCK CORPORATION MAY BE ORGANIZED FOR THE**
10 **PURPOSE OF CONVERTING TO A COOPERATIVE LIMITED EQUITY HOUSING**
11 **CORPORATION AFTER ACQUIRING OWNERSHIP OF A RESIDENTIAL RENTAL**
12 **FACILITY.**

13 **5-6D-03.**

14 **(A) ON ACQUIRING A RESIDENTIAL RENTAL FACILITY, A MARYLAND**
15 **NONSTOCK CORPORATION ORGANIZED FOR THE PURPOSE OF CONVERTING TO A**
16 **COOPERATIVE LIMITED EQUITY HOUSING CORPORATION SHALL HOLD A VOTE TO**
17 **CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION NOT LATER**
18 **THAN 60 DAYS AFTER DELIVERING NOTICE THAT:**

19 **(1) INFORMS THE MEMBERS OF THE DATE OF THE VOTE; AND**

20 **(2) PROVIDES THE MEMBERS WITH A COPY OF THE DOCUMENTS TO**
21 **BE SUBMITTED TO THE DEPARTMENT.**

22 **(B) (1) A VOTE TO CONVERT SHALL:**

23 **(i) CONSIST OF A QUORUM OF THE MAJORITY OF THE TOTAL**
24 **MEMBERSHIP; AND**

25 **(ii) REQUIRE AN AFFIRMATIVE VOTE BY A MAJORITY OF THE**
26 **MEMBERS PRESENT.**

27 **(2) A VOTE UNDER THIS SUBSECTION SHALL BE CONDUCTED IN**
28 **ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK**
29 **CORPORATION.**

30 **(C) (1) IF A MAJORITY OF THE MEMBERS OF THE MARYLAND NONSTOCK**
31 **CORPORATION PRESENT FOR THE VOTE ELECT TO CONVERT TO A COOPERATIVE**
32 **LIMITED EQUITY HOUSING CORPORATION, THE MARYLAND NONSTOCK**

1 CORPORATION SHALL PREPARE AND SUBMIT TO THE DEPARTMENT THE REQUIRED
2 DOCUMENTS AND INFORMATION IN ACCORDANCE WITH § 5-6D-04 OF THIS
3 SUBTITLE.

4 (2) IF A VOTE TO CONVERT TO A COOPERATIVE LIMITED EQUITY
5 HOUSING CORPORATION UNDER SUBSECTION (B) OF THIS SECTION FAILS, THE
6 MARYLAND NONSTOCK CORPORATION MAY NOT ATTEMPT TO CONVERT TO A
7 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION FOR AT LEAST 12 MONTHS
8 AFTER THE DATE OF THE FAILED VOTE.

9 5-6D-04.

10 (A) FOLLOWING AN AFFIRMATIVE VOTE TO CONVERT TO A COOPERATIVE
11 LIMITED EQUITY HOUSING CORPORATION, A MARYLAND NONSTOCK CORPORATION
12 SHALL:

13 (1) PREPARE AND SUBMIT TO THE DEPARTMENT THE FOLLOWING
14 DOCUMENTS AND INFORMATION FOR THE ESTABLISHMENT OF A COOPERATIVE
15 LIMITED EQUITY HOUSING CORPORATION:

16 (i) ARTICLES OF INCORPORATION, INCLUDING:

17 1. THE NAME AND LOCATION OF THE COOPERATIVE
18 LIMITED EQUITY HOUSING CORPORATION; AND

19 2. A STATEMENT OF THE PURPOSES OF THE
20 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION; AND

21 (ii) ANY OTHER DOCUMENTS OR INFORMATION REQUIRED BY
22 THE DEPARTMENT; AND

23 (2) MAINTAIN:

24 (i) THE NAME AND ADDRESS OF EACH MEMBER OF THE
25 MARYLAND NONSTOCK CORPORATION;

26 (ii) A DISCLOSURE STATEMENT, INCLUDING:

27 1. THE DATE ON WHICH THE AFFIRMATIVE VOTE TO
28 CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION TOOK
29 PLACE;

1 **2. A STATEMENT OF THE FORM OF OWNERSHIP OF ALL**
2 **REAL AND PERSONAL PROPERTY THAT IS INTENDED TO BE OWNED OR LEASED BY**
3 **THE COOPERATIVE LIMITED EQUITY HOUSING CORPORATION;**

4 **3. A STATEMENT OF THE PROJECTED COMPLETION**
5 **DATES FOR ANY PROPOSED IMPROVEMENTS;**

6 **4. A STATEMENT OF THE PROJECTED DATE OF**
7 **FORMATION FOR THE COOPERATIVE LIMITED EQUITY HOUSING CORPORATION;**

8 **5. A DESCRIPTION OF THE VOTING AND OTHER RIGHTS**
9 **IN THE COOPERATIVE LIMITED EQUITY HOUSING CORPORATION;**

10 **6. A STATEMENT OF ANY FEES REQUIRED BY THE**
11 **COOPERATIVE LIMITED EQUITY HOUSING CORPORATION IN CONNECTION WITH THE**
12 **TRANSFER OF MEMBERSHIP OR ISSUANCE OF AN OCCUPANCY AGREEMENT;**

13 **7. A STATEMENT OF THE KNOWN OR ANTICIPATED**
14 **COMMON CHARGES THAT MAY BE IMPOSED ON MEMBERS;**

15 **8. A STATEMENT OF THE OWNERSHIP INTEREST**
16 **ASSOCIATED WITH EACH UNIT AND THE UNDERLYING DEBT RESPONSIBILITY**
17 **ASSOCIATED WITH EACH UNIT ON A PRO RATA BASIS, IF APPLICABLE;**

18 **9. A STATEMENT AS TO WHETHER THE COOPERATIVE**
19 **LIMITED EQUITY HOUSING CORPORATION HAS OR WILL OBTAIN INSURANCE**
20 **COVERAGE FOR CASUALTY, PROPERTY DAMAGE, AND PUBLIC LIABILITY AND IN**
21 **WHAT AMOUNTS;**

22 **10. A STATEMENT OF ALL WARRANTIES AND**
23 **DISCLAIMERS MADE DURING THE PURCHASE OF THE RESIDENTIAL RENTAL**
24 **FACILITY BY THE MARYLAND NONSTOCK CORPORATION; AND**

25 **11. COPIES OF THE PROPOSED OR FINAL:**

26 **A. CONTRACT OF SALE FOR THE RESIDENTIAL RENTAL**
27 **FACILITY THAT IS THE SUBJECT OF THE REAL PROPERTY OF THE COOPERATIVE**
28 **LIMITED EQUITY HOUSING CORPORATION;**

29 **B. MEMBERSHIP CERTIFICATE;**

30 **C. OCCUPANCY AGREEMENT;**

31 **D. RULES, IF ANY;**

1 **E. LEASE, OTHER THAN THE OCCUPANCY AGREEMENT,**
2 **TO A THIRD PARTY OF REAL OR PERSONAL PROPERTY TO WHICH THE COOPERATIVE**
3 **LIMITED EQUITY HOUSING CORPORATION IS A PARTY; AND**

4 **F. IF APPLICABLE, WRITTEN NOTICE TO AFFECTED**
5 **HOUSEHOLDS THAT MAY BE REQUIRED UNDER § 5-6D-05 OF THIS SUBTITLE;**

6 **(III) AN ANNUAL OPERATING BUDGET, INCLUDING INSURANCE,**
7 **MAINTENANCE, RESERVES, AND GENERAL EXPENSES;**

8 **(IV) BYLAWS; AND**

9 **(V) A SUBSCRIPTION AGREEMENT.**

10 **(B) STATEMENTS REQUIRED UNDER THIS SECTION MAY BE SUMMARIZED OR**
11 **PRODUCED IN A COLLECTION OF DOCUMENTS THAT EFFECTIVELY CONVEYS THE**
12 **REQUIRED INFORMATION.**

13 **(C) WITHIN 30 DAYS AFTER RECEIPT OF DOCUMENTS AND INFORMATION**
14 **PROVIDED BY A MARYLAND NONSTOCK CORPORATION IN ACCORDANCE WITH THIS**
15 **SECTION, THE DEPARTMENT SHALL:**

16 **(1) ACCEPT THE DOCUMENTS FOR RECORD; OR**

17 **(2) IF THE DOCUMENTS AND INFORMATION DO NOT MEET THE**
18 **REQUIREMENTS OF THIS SECTION AND ANY ADDITIONAL REQUIREMENTS**
19 **ESTABLISHED BY THE DEPARTMENT, DENY THE DOCUMENTS FOR RECORD AND**
20 **NOTIFY THE MARYLAND NONSTOCK CORPORATION OF THE BASIS FOR THE DENIAL.**

21 **(D) (1) (I) ON ACCEPTANCE OF THE DOCUMENTS FOR RECORD BY THE**
22 **DEPARTMENT UNDER SUBSECTION (C)(1) OF THIS SECTION, THE MARYLAND**
23 **NONSTOCK CORPORATION SHALL BE CONVERTED TO A COOPERATIVE LIMITED**
24 **EQUITY HOUSING CORPORATION.**

25 **(II) ONCE A MARYLAND NONSTOCK CORPORATION IS**
26 **CONVERTED TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION, VOTES**
27 **SHALL BE ASSIGNED SO THAT EACH UNIT OCCUPIED BY A MEMBER HAS ONE VOTE.**

28 **(2) ON RECEIPT OF A DENIAL UNDER SUBSECTION (C)(2) OF THIS**
29 **SECTION, THE MARYLAND NONSTOCK CORPORATION MAY RESUBMIT THE**
30 **DOCUMENTS AND INFORMATION IN ORDER TO MEET THE REQUIREMENTS OF THIS**
31 **SECTION.**

1 **5-6D-05.**

2 (A) (1) AFTER A MARYLAND NONSTOCK CORPORATION IS CONVERTED
3 TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION, THE COOPERATIVE
4 LIMITED EQUITY HOUSING CORPORATION SHALL:

5 (I) PROMPTLY PROVIDE ALL HOUSEHOLDS IN THE
6 RESIDENTIAL RENTAL FACILITY WITH WRITTEN NOTICE OF THE CONVERSION AND
7 THE REQUIREMENTS TO VACATE UNDER THIS SECTION; AND

8 (II) OFFER THE OPPORTUNITY TO ACQUIRE A COOPERATIVE
9 INTEREST AND BECOME A MEMBER OF THE COOPERATIVE LIMITED EQUITY
10 HOUSING CORPORATION TO EACH HOUSEHOLD THAT HAS LAWFULLY RESIDED IN
11 THE RESIDENTIAL RENTAL FACILITY:

12 1. ON THE DATE OF THE CONVERSION; AND

13 2. FOR AT LEAST 180 DAYS PRIOR TO THE DATE OF THE
14 CONVERSION.

15 (2) IF AN ELIGIBLE HOUSEHOLD FAILS TO ACCEPT THE OFFER UNDER
16 PARAGRAPH (1)(II) OF THIS SUBSECTION WITHIN 89 DAYS OF RECEIPT, THE OFFER
17 SHALL BE DEEMED TO HAVE BEEN REJECTED.

18 (B) EXCEPT AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS SECTION, A
19 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION MAY REQUIRE A
20 HOUSEHOLD TO VACATE A UNIT AS FOLLOWS:

21 (1) FOR HOUSEHOLDS THAT ARE NOT ELIGIBLE TO RECEIVE AN
22 OFFER TO ACQUIRE A COOPERATIVE INTEREST IN ACCORDANCE WITH SUBSECTION
23 (A)(1)(II) OF THIS SECTION, NOT EARLIER THAN 90 DAYS AFTER RECEIPT OF A
24 WRITTEN NOTICE TO VACATE; OR

25 (2) FOR ELIGIBLE HOUSEHOLDS THAT RECEIVE AND REJECT AN
26 OFFER TO ACQUIRE A COOPERATIVE INTEREST IN ACCORDANCE WITH SUBSECTION
27 (A)(1)(II) OF THIS SECTION, NOT EARLIER THAN 90 DAYS AFTER RECEIPT OF THE
28 OFFER AND A WRITTEN NOTICE TO VACATE.

29 (C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A
30 HOUSEHOLD MAY NOT BE REQUIRED TO VACATE A UNIT EARLIER THAN 12 MONTHS
31 FOLLOWING THE RECEIPT OF A WRITTEN NOTICE TO VACATE IF, ON THE DATE THAT
32 THE NOTICE IS GIVEN:

1 **(1) A MEMBER OF THE HOUSEHOLD IS A DISABLED PERSON OR A**
2 **SENIOR CITIZEN WHO HAS BEEN A MEMBER OF THE HOUSEHOLD FOR AT LEAST 12**
3 **MONTHS IMMEDIATELY PRECEDING RECEIPT OF THE NOTICE TO VACATE; AND**

4 **(2) THE HOUSEHOLD:**

5 **(I) IS A LOW-INCOME HOUSEHOLD;**

6 **(II) NOTIFIES THE COOPERATIVE LIMITED EQUITY HOUSING**
7 **CORPORATION OF THE INTENT TO REMAIN IN THE UNIT FOR A PERIOD OF MORE**
8 **THAN 90 DAYS; AND**

9 **(III) SUBMITS THE NOTICE UNDER ITEM (II) OF THIS ITEM TO**
10 **THE COOPERATIVE LIMITED EQUITY HOUSING CORPORATION WITHIN 30 DAYS**
11 **AFTER RECEIVING THE NOTICE TO VACATE.**

12 **(D) A HOUSEHOLD MAY BE REQUIRED TO VACATE THE PREMISES BEFORE**
13 **THE EXPIRATION OF ANY MINIMUM TIME PERIOD UNDER THIS SECTION IF THE**
14 **HOUSEHOLD:**

15 **(1) BREACHES A COVENANT IN THE LEASE OCCURRING BEFORE OR**
16 **AFTER THE NOTICE TO VACATE IS GIVEN; OR**

17 **(2) FAILS TO PAY RENT BEFORE OR AFTER THE NOTICE TO VACATE**
18 **HAS BEEN GIVEN.**

19 **(E) A LOW-INCOME HOUSEHOLD THAT IS REQUIRED TO VACATE A UNIT**
20 **UNDER THIS SECTION SHALL RECEIVE REIMBURSEMENT FROM THE COOPERATIVE**
21 **LIMITED EQUITY HOUSING CORPORATION FOR MOVING EXPENSES THAT:**

22 **(1) ARE ACTUALLY AND REASONABLY INCURRED; AND**

23 **(2) ARE AT LEAST \$375 BUT LESS THAN \$751.**

24 **5-6D-06.**

25 **(A) THE APPRECIATION AND RESALE OF A COOPERATIVE INTEREST MAY**
26 **NOT EXCEED THE COST PAID BY THE MEMBER FOR THE INITIAL COOPERATIVE**
27 **INTEREST, ADJUSTED FOR INFLATION PLUS THE COST OF IMPROVEMENTS TO THE**
28 **COOPERATIVE INTEREST MADE BY THE MEMBER THAT WERE APPROVED IN**
29 **ADVANCE BY THE COOPERATIVE LIMITED EQUITY HOUSING CORPORATION.**

30 **(B) A COOPERATIVE INTEREST MAY BE SOLD ONLY TO AN INDIVIDUAL OR**
31 **INDIVIDUALS WHO ARE IN:**

1 (1) A LOW-INCOME HOUSEHOLD;

2 (2) A MODERATE-INCOME HOUSEHOLD; OR

3 (3) AN ELIGIBLE HOUSEHOLD THAT RECEIVES AND ACCEPTS AN
4 OFFER TO ACQUIRE A COOPERATIVE INTEREST IN ACCORDANCE WITH §
5 5-6D-05(A)(1)(II) OF THIS SUBTITLE.

6 (c) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A
7 COOPERATIVE LIMITED EQUITY HOUSING CORPORATION SHALL HAVE THE
8 FOLLOWING MEMBERSHIP COMPOSITION:

9 (i) AT LEAST 75% OF THE MEMBERS SHALL BE IN A
10 LOW-INCOME HOUSEHOLD; AND

11 (ii) ALL OTHER MEMBERS WHO ARE NOT IN A LOW-INCOME
12 HOUSEHOLD SHALL BE IN A ~~MEDIUM-INCOME~~ MODERATE-INCOME HOUSEHOLD.

13 (2) THE MEMBERSHIP COMPOSITION REQUIRED UNDER PARAGRAPH
14 (1) OF THIS SUBSECTION DOES NOT INCLUDE HOUSEHOLDS THAT ACQUIRE A
15 COOPERATIVE INTEREST FOLLOWING AN OFFER UNDER § 5-6D-05(A)(1)(II) OF THIS
16 SUBTITLE.

17 5-6D-07.

18 (A) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MAY:

19 (1) TO THE EXTENT APPLICABLE TO AND NOT INCONSISTENT WITH
20 THIS SUBTITLE, USING A STANDARDIZED METHODOLOGY, ESTABLISH ADDITIONAL
21 RIGHTS AND REQUIREMENTS FOR A COOPERATIVE LIMITED EQUITY HOUSING
22 CORPORATION AND ITS MEMBERS BASED ON AN INDIVIDUALIZED ASSESSMENT OF
23 THE COOPERATIVE;

24 (2) BASE A DETERMINATION UNDER ITEM (1) OF THIS SUBSECTION
25 ON THE RIGHTS AND REQUIREMENTS FOR COOPERATIVE HOUSING CORPORATIONS
26 AND THEIR MEMBERS UNDER SUBTITLE 6B OF THIS TITLE; AND

27 (3) ESTABLISH A PROGRAM TO PROVIDE GRANTS TO MARYLAND
28 NONSTOCK CORPORATIONS TO PROMOTE THE ESTABLISHMENT OF COOPERATIVE
29 LIMITED EQUITY HOUSING CORPORATIONS.

30 (B) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
31 SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

1 5-6D-08.

2 ~~(A) A COUNTY OR MUNICIPALITY MAY NOT IMPOSE RESTRICTIONS ON A~~
3 ~~COOPERATIVE LIMITED EQUITY HOUSING CORPORATION OR THE CONVERSION OF A~~
4 ~~MARYLAND NONSTOCK CORPORATION TO A COOPERATIVE LIMITED EQUITY~~
5 ~~HOUSING CORPORATION.~~

6 (A) (1) ALL LAWS, ORDINANCES, AND REGULATIONS CONCERNING
7 BUILDING CODES OR ZONING SHALL:

8 (I) HAVE FULL FORCE AND EFFECT TO THE EXTENT THAT THEY
9 APPLY TO PROPERTY THAT IS SUBJECT TO A COOPERATIVE LIMITED EQUITY
10 HOUSING CORPORATION REGIME; AND

11 (II) BE CONSTRUED AND APPLIED WITH REFERENCE TO THE
12 OVERALL NATURE AND USE OF THE PROPERTY WITHOUT REGARD TO THE FORM OF
13 OWNERSHIP.

14 (2) A LAW, AN ORDINANCE, OR A REGULATION CONCERNING
15 BUILDING CODES OR ZONING MAY NOT ESTABLISH ANY REQUIREMENT OR
16 STANDARD GOVERNING THE USE, LOCATION, PLACEMENT, OR CONSTRUCTION OF
17 ANY LAND AND IMPROVEMENTS THAT ARE SUBJECT TO THE PROVISIONS OF THIS
18 TITLE, UNLESS THE REQUIREMENT OR STANDARD IS UNIFORMLY APPLICABLE TO
19 ALL LAND AND IMPROVEMENTS OF THE SAME KIND OR CHARACTER NOT SUBJECT
20 TO THE PROVISIONS OF THIS TITLE.

21 (B) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, A COUNTY,
22 CITY, OR OTHER JURISDICTION MAY NOT ENACT ANY LAW, ORDINANCE, OR
23 REGULATION THAT WOULD IMPOSE A BURDEN OR RESTRICTION ON A COOPERATIVE
24 LIMITED EQUITY HOUSING CORPORATION THAT IS NOT IMPOSED ON ALL OTHER
25 PROPERTY OF SIMILAR CHARACTER THAT IS NOT SUBJECTED TO A COOPERATIVE
26 LIMITED EQUITY HOUSING CORPORATION REGIME.

27 (2) A LAW, AN ORDINANCE, OR A REGULATION DESCRIBED UNDER
28 PARAGRAPH (1) OF THIS SUBSECTION IS VOID AND UNENFORCEABLE.

29 (3) (I) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS
30 TITLE, THE PROVISIONS OF THIS TITLE APPLY TO THE ENTIRE STATE.

31 (II) ANY LAW, ORDINANCE, OR REGULATION ENACTED BY A
32 COUNTY, CITY, OR OTHER JURISDICTION THAT IS INCONSISTENT WITH THIS TITLE IS
33 PREEMPTED BY THIS TITLE.

1 ~~(B)~~ (C) THE PROHIBITION IN SUBSECTION (A) OF THIS SECTION
 2 INCLUDES REQUIREMENTS THROUGH LOCAL LAW OR ORDINANCE THAT RESTRICT
 3 THE SALE OF RESIDENTIAL RENTAL FACILITIES TO A MARYLAND NONSTOCK
 4 CORPORATION THAT PLANS TO CONVERT TO A COOPERATIVE LIMITED EQUITY
 5 HOUSING CORPORATION.

6 5-6D-09.

7 THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS
 8 SUBTITLE AND ENSURE THE EFFECTIVE FUNCTIONING OF COOPERATIVE LIMITED
 9 EQUITY HOUSING CORPORATIONS.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 11 October 1, ~~2027~~ 2026.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.