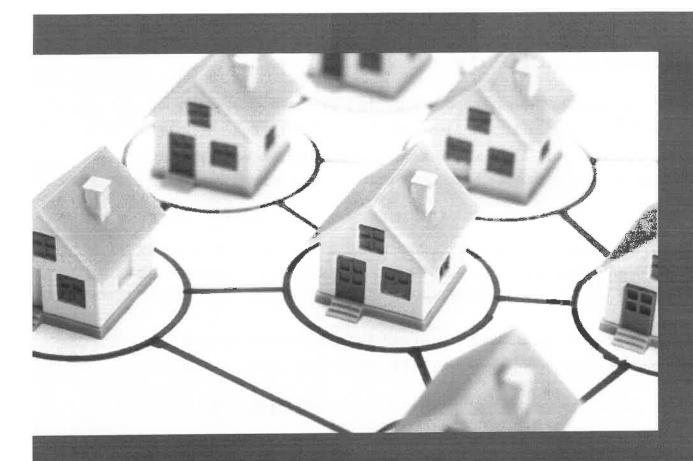
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Negotiation

2023 Legislative Update For Maryland Community Associations

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The Maryland General Assembly's 2023 legislative session was the first up.

Governor Wes Moore and resulted in several new laws that will affect com.

associations. There were also bills that failed which, had they passed, would have

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impacted community associations. Here are the updates:

Cannabis Reform

Beginning on July 1, 2023, adults aged 21 and older may use and possess limited amounts of cannabis. In addition, the new law allows a person to cultivate up to two (2) cannabis plants provided (a) the person is age 21 or older, (b) the plants are out of public view, and (c) reasonable precautions are taken to keep those under the age of 21 from accessing the plants.

Language which would have allowed condominium and homeowners associations to adopt policies prohibiting the use or cultivation of cannabis was deleted from the bill before the bill was passed and became law.

The new law also sets the stage for future regulation, education, taxation, and criminal enforcement/rehabilitation measures related to the use and cultivation of cannabis.

For more specifics, please see the text of bills numbered <u>HB 556/SB 516</u>.

Condominium Insurance Requirements

Until October 1, 2023, current law requires all condominiums and unit owners within those condominiums to have the same type of insurance. However, not every condominium is the same. High-rise condominiums, townhouse condominiums, gardenstyle condominiums, and other types of condominiums are structured differently and have different needs.

Effective October 1, 2023, this new law creates different insurance requirements for different types of condominiums. Some of these changes are highlighted below:

- For attached (townhouse) or multifamily dwelling units, a condominium association is required to have property insurance covering common elements and units.
- For detached condominium units, a condominium association is only required to have property insurance covering the common elements only.

- The owner of a residential detached condominium unit must carry homeo insurance coverage on that owner's entire unit.
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- Requirements for a condominium declaration to define "units" and "common elements" have been deleted.

For specifics, consult the text of bills numbered <u>HB 98/SB 403</u>, which amends Section 11-103 and Section 11-114 of the Maryland Condominium Act.

First \$500 Exempt from Garnishment

Effective October 1, 2023, this new law will automatically exempt the first \$500 in a debtor's bank account from garnishment or execution. This new law also requires garnishment forms to be updated to reflect this new exemption and provides specific instructions to banks and other garnishees to incorporate the exemption. Once this bill becomes law, collections will be more difficult for common interest communities by making less debtor money available to pay off judgments.

Please see HB 42/SB 106 for more information.

Gun Safety Act of 2023

Senate Bill 1, the Gun Safety Act of 2023, is the General Assembly's first major firearms law since the Supreme Court's decision in *New York State Rifle & Pistol Association, Inc. v. Bruen*. The law limits where individuals can carry firearms, including, relevant to community associations, prohibiting individuals from carrying firearms inside the dwelling of another without permission.

However, gun owners may still carry firearms in condominium common elements, cooperative housing common areas, and homeowners association common areas. Generally, an individual living in a common interest community cannot bring their firearm into the residence of another, but the community association cannot stop that person from carrying a firearm to and from that individual's home in the community.

The law also makes changes to sentencing guidelines for firearm crime convictions and the licensing process for carrying permits.

The Gun Safety Act of 2023 will be effective on October 1, 2023.

Changes to Sheriff's Sale Process

This new law confirms that a successful sheriff's sale extinguishes liens junior to the lien that was the subject of the sheriff's sale. This new law, once it becomes effective on October 1, 2023, may motivate holders of junior liens to submit payment to cancel an association's sheriff's sale.

In general, whether a lien is considered "senior" or "junior" to another lien depends on (a) the type of debt secured by the lien (i.e., unpaid taxes, mortgage payments, unpaid assessments, etc.) and (b) when the lien was recorded in the local Land Records.

Before becoming law, this bill was amended to delete requirements for judgment creditors, like condominium and homeowners associations, to send notice of a sheriff's sale to the judgment debtor, like a unit owner with a judgment against them for unpaid assessments, and file an affidavit with the local court attesting that such notice was sent.

Please consult the text of bill <u>SB 277</u> for more information.

Notable Bills that Did Not Pass

- Manager licensing and board member training initiatives failed to pass (again) this year.
- A bill requiring high-rise buildings constructed after July 1, 1974 to install automatic sprinkler systems failed.
- A bill requiring condominium associations to include a statement in resale certificates regarding the presence of asbestos and whether any asbestos abatement has been performed failed.
- A bill to create a statewide Task Force on Common Ownership Communities to study the education and training needs of community association boards and new and prospective owners of homes and dwelling units in community associations failed.
- A bill to give unit owners and owners more rights and access to information during the period that the community is under developer control failed.
- A bill to create a bill of rights for owners within community associations failed.

As always, Lerch Early's Community Association's department will continu	* "-
clients abreast of legislative developments. For more information on these	Menu
legislation or any related issue, please contact one of our Community Associations	
attorneys.	