

SENATE BILL 927

C1, N1

5lr2139
CF HB 1052

By: **Senator Smith**

Introduced and read first time: January 28, 2025

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted with floor amendments

Read second time: February 28, 2025

CHAPTER _____

1 AN ACT concerning

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

4 FOR the purpose of authorizing a Maryland nonstock corporation to convert to a
5 cooperative limited equity housing ~~cooperative corporation~~ and establishing certain
6 procedures and requirements for the conversion of a Maryland nonstock corporation
7 to a cooperative limited equity housing ~~cooperative corporation~~; requiring a
8 cooperative limited equity housing corporation to provide certain notice to certain
9 households under certain circumstances; requiring a cooperative limited equity
10 housing ~~cooperative corporation~~ to reimburse certain households for moving
11 expenses; establishing the allocation of votes in a cooperative limited equity housing
12 ~~cooperative corporation~~; authorizing the Department of Housing and Community
13 Development to establish a program to provide grants to Maryland nonstock
14 corporations to promote the establishment of cooperative limited equity housing
15 ~~cooperatives corporations~~; prohibiting local governments from imposing restrictions
16 on cooperative limited equity housing ~~cooperatives corporations~~; establishing
17 limitations on the appreciation and sale of a cooperative interest; authorizing the
18 Department of Housing and Community Development to establish certain rights and
19 requirements for a cooperative limited equity ~~cooperative corporation~~ and its
20 members and to provide certain grants to promote the establishment of cooperative
21 limited equity ~~cooperatives housing corporations~~; ~~exempting real property owned by~~
22 ~~certain limited equity housing cooperatives from State property tax subject to a~~
23 ~~certain limitation; authorizing the Mayor and City Council of Baltimore City or the~~
24 ~~governing body of a county or municipal corporation to grant, by law, a certain tax~~
25 ~~credit against the county or municipal corporation property tax imposed on real~~

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.



~~property owned by a certain limited equity housing cooperative;~~ and generally relating to cooperative limited equity housing ~~cooperatives~~ corporations and the conversion of Maryland nonstock corporations.

BY repealing and reenacting, with amendments,
Article – Corporations and Associations
Section 5–207(a)
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)

BY adding to
Article – Corporations and Associations
Section 5–6D–01 through ~~5–6D–10~~ 5–6D–09 to be under the new subtitle “Subtitle 6D. Cooperative Limited Equity Housing Corporations”
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)

~~BY adding to~~
~~Article – Tax – Property~~
~~Section 7–308 and 9–275~~
~~Annotated Code of Maryland~~
~~(2019 Replacement Volume and 2024 Supplement)~~

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

Article – Corporations and Associations

5–207.

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

(I) ~~another~~ ANOTHER nonstock corporation; OR

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

(2) A Maryland nonstock corporation may convert only into ~~to~~

~~(I) A~~ foreign corporation that does not have the authority to issue stock; ~~OR~~

~~(II) A LIMITED EQUITY HOUSING COOPERATIVE UNDER SUBTITLE 6D OF THIS TITLE.~~

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

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

(ii) May not convert into [a]:

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

2. A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ UNDER SUBTITLE 6D OF THIS TITLE.

SUBTITLE 6D. COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVES~~ CORPORATIONS.

5-6D-01.

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

(B) “ARTICLES OF INCORPORATION” MEANS THE CHARTER BY WHICH A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ BECOMES INCORPORATED UNDER THIS ARTICLE.

(C) “BYLAWS” MEANS THE DOCUMENT THAT DETAILS AND GOVERNS THE INTERNAL ORGANIZATION AND OPERATION OF THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~.

(D) “CONVERSION” MEANS THE TRANSITION OF A PROPERTY FROM A RESIDENTIAL RENTAL FACILITY TO A PROPERTY OWNED BY A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ FOR USE BY MEMBERS OF THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~.

(E) “COOPERATIVE INTEREST” MEANS THE OWNERSHIP INTEREST IN A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ THAT IS COUPLED WITH A POSSESSORY INTEREST IN REAL OR PERSONAL PROPERTY OWNED BY THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ AND EVIDENCED BY A MEMBERSHIP CERTIFICATE.

(F) “COOPERATIVE LIMITED EQUITY HOUSING CORPORATION” MEANS A MARYLAND NONSTOCK CORPORATION QUALIFIED IN THIS STATE, HAVING ONLY ONE CLASS OF MEMBERSHIP, IN WHICH EACH MEMBER, BY VIRTUE OF THE MEMBER’S MEMBERSHIP, HAS A COOPERATIVE INTEREST IN THE CORPORATION.

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

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

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

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

(J) "MEMBER" MEANS A PERSON WHO OWNS A COOPERATIVE INTEREST.

(K) "MEMBERSHIP CERTIFICATE" MEANS:

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

(2) IF THERE IS NO DOCUMENT THAT SATISFIES ITEM (1) OF THIS SUBSECTION, A PROPRIETARY LEASE.

(L) "MOVING EXPENSES" MEANS COSTS INCURRED TO:

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

(2) PACK AND UNPACK PERSONAL PROPERTY;

(3) DISCONNECT AND INSTALL PERSONAL PROPERTY;

(4) INSURE PERSONAL PROPERTY TO BE MOVED; AND

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

(M) (1) "PROPRIETARY LEASE" MEANS AN AGREEMENT WITH THE COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION UNDER

1 WHICH A MEMBER HAS AN EXCLUSIVE POSSESSORY INTEREST IN A UNIT AND A
2 POSSESSORY INTEREST IN COMMON WITH OTHER MEMBERS IN THAT PORTION OF A
3 COOPERATIVE PROJECT NOT CONSTITUTING UNITS AND THAT CREATES A LEGAL
4 RELATIONSHIP OF LANDLORD AND TENANT BETWEEN THE COOPERATIVE LIMITED
5 EQUITY HOUSING ~~COOPERATIVE CORPORATION~~ AND THE MEMBER, RESPECTIVELY.

6 (2) "PROPRIETARY LEASE" INCLUDES, IF THERE IS NO OTHER
7 DOCUMENT THAT SATISFIES PARAGRAPH (1) OF THIS SUBSECTION, A MEMBERSHIP
8 CERTIFICATE.

9 (N) "RESIDENTIAL RENTAL FACILITY" MEANS PROPERTY CONTAINING AT
10 LEAST FIVE DWELLING UNITS LEASED FOR RESIDENTIAL PURPOSES.

11 (O) "SENIOR CITIZEN" MEANS A PERSON WHO IS AT LEAST 62 YEARS OLD.

12 (P) "UNIT" MEANS A PORTION OF THE COOPERATIVE PROJECT LEASED FOR
13 EXCLUSIVE OCCUPANCY BY A MEMBER UNDER A PROPRIETARY LEASE.

14 **5-6D-02.**

15 A MARYLAND NONSTOCK CORPORATION MAY BE ORGANIZED FOR THE
16 PURPOSE OF CONVERTING TO A COOPERATIVE LIMITED EQUITY HOUSING
17 ~~COOPERATIVE CORPORATION~~ AFTER ACQUIRING OWNERSHIP OF A RESIDENTIAL
18 RENTAL FACILITY.

19 **5-6D-03.**

20 (A) (1) ON ACQUIRING A RESIDENTIAL RENTAL FACILITY, A MARYLAND
21 NONSTOCK CORPORATION MAY ~~ADOPT A RESOLUTION TO APPLY FOR CONVERSION~~
22 ~~TO A LIMITED EQUITY HOUSING COOPERATIVE.~~

23 ~~(B) THE RESOLUTION TO APPLY FOR CONVERSION TO A LIMITED EQUITY~~
24 ~~HOUSING COOPERATIVE MAY BE APPROVED BY AN AFFIRMATIVE VOTE OF A~~
25 ~~MAJORITY OF:~~

26 ~~(1) THE BOARD OF DIRECTORS OF THE MARYLAND NONSTOCK~~
27 ~~CORPORATION; OR~~

28 ~~(2) THE TOTAL MEMBERS OF THE MARYLAND NONSTOCK~~
29 ~~CORPORATION.~~

30 ~~(C) NOTICE OF THE OUTCOME OF A VOTE ON A RESOLUTION UNDER THIS~~
31 ~~SECTION SHALL BE PROVIDED TO EACH MEMBER OF THE MARYLAND NONSTOCK~~
32 ~~CORPORATION.~~

~~(D) A VOTE UNDER THIS SECTION SHALL BE CONDUCTED IN ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK CORPORATION HOLD A VOTE TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION NOT LATER THAN 30 DAYS AFTER PROVIDING NOTICE.~~

(2) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:

(I) INFORM THE MEMBERS THAT AN ELECTION TO CONVERT THE MARYLAND NONSTOCK CORPORATION TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION WILL BE HELD NOT LATER THAN 30 DAYS AFTER DELIVERY OF THE NOTICE; AND

(II) INCLUDE A COPY OF THE DOCUMENTS TO BE SUBMITTED TO THE DEPARTMENT.

(B) (1) A VOTE TO CONVERT FROM A MARYLAND NONSTOCK CORPORATION TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION SHALL REQUIRE AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE TOTAL MEMBERS.

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

(C) (1) IF AT LEAST TWO-THIRDS OF THE TOTAL MEMBERS OF THE MARYLAND NONSTOCK CORPORATION VOTE TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION, THE MARYLAND NONSTOCK CORPORATION SHALL PREPARE AND SUBMIT TO THE DEPARTMENT THE REQUIRED DOCUMENTS AND INFORMATION IN ACCORDANCE WITH § 5-6D-04 OF THIS SUBTITLE.

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

(D) ONCE A MARYLAND NONSTOCK CORPORATION IS CONVERTED TO A COOPERATIVE LIMITED EQUITY HOUSING CORPORATION, VOTES SHALL BE ASSIGNED SO THAT EACH UNIT HAS ONE VOTE.

5-6D-04.

(A) FOLLOWING AN AFFIRMATIVE VOTE TO ~~APPLY FOR CONVERSION~~
CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~
CORPORATION, A MARYLAND NONSTOCK CORPORATION SHALL:

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

~~(I)~~ (I) ARTICLES OF INCORPORATION, INCLUDING:

~~(H)~~ 1. THE NAME AND LOCATION OF THE COOPERATIVE
LIMITED EQUITY HOUSING ~~COOPERATIVE~~; CORPORATION; AND

~~(H)~~ 2. A STATEMENT OF THE PURPOSES OF THE
COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION; AND

~~(H)~~ (II) ~~THE NAME AND ADDRESS OF THE MEMBERS OF THE~~
~~MARYLAND NONSTOCK CORPORATION~~; ANY OTHER DOCUMENTS OR INFORMATION
REQUIRED BY THE DEPARTMENT; AND

(2) MAINTAIN:

(I) THE NAME AND ADDRESS OF THE MEMBERS OF THE
MARYLAND NONSTOCK CORPORATION;

(II) A DISCLOSURE STATEMENT, INCLUDING:

~~(H)~~ 1. THE DATE ON WHICH THE AFFIRMATIVE VOTE TO
~~APPLY FOR CONVERSION~~ CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING
CORPORATION TOOK PLACE;

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

~~(H)~~ 3. A STATEMENT OF THE PROJECTED COMPLETION
DATES FOR ANY PROPOSED IMPROVEMENTS;

~~(IV)~~ 4. A STATEMENT OF THE PROJECTED DATE OF
FORMATION FOR THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~
CORPORATION;

~~(V)~~ 5. A DESCRIPTION OF THE VOTING AND OTHER RIGHTS
IN THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION;

~~(VI)~~ 6. A STATEMENT OF ANY FEES REQUIRED BY THE LIMITED EQUITY HOUSING COOPERATIVE IN CONNECTION WITH THE TRANSFER OF MEMBERSHIP OR ISSUANCE OF A PROPRIETARY LEASE;

~~(VII)~~ 7. A STATEMENT OF THE KNOWN OR ANTICIPATED COMMON CHARGES THAT MAY BE IMPOSED ON MEMBERS;

~~(VIII)~~ 8. A STATEMENT OF THE OWNERSHIP INTEREST ASSOCIATED WITH EACH UNIT AND THE UNDERLYING DEBT RESPONSIBILITY ASSOCIATED WITH EACH UNIT ON A PRO RATA BASIS, IF APPLICABLE;

~~(IX)~~ 9. A STATEMENT AS TO WHETHER THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION HAS OR WILL OBTAIN INSURANCE COVERAGE FOR CASUALTY, PROPERTY DAMAGE, AND PUBLIC LIABILITY AND IN WHAT AMOUNTS;

~~(X)~~ 10. A STATEMENT OF ALL WARRANTIES AND DISCLAIMERS MADE DURING THE PURCHASE OF THE RESIDENTIAL RENTAL FACILITY BY THE MARYLAND NONSTOCK CORPORATION; AND

~~(XI)~~ 11. COPIES OF THE PROPOSED OR FINAL:

~~1.~~ A. CONTRACT OF SALE FOR THE RESIDENTIAL RENTAL FACILITY THAT IS THE SUBJECT OF THE REAL PROPERTY OF THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION;

~~2.~~ B. MEMBERSHIP CERTIFICATE;

~~3.~~ C. PROPRIETARY LEASE;

~~4.~~ D. RULES, IF ANY;

~~5.~~ E. LEASE, OTHER THAN THE PROPRIETARY LEASE, TO A THIRD PARTY OF REAL OR PERSONAL PROPERTY TO WHICH THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION IS A PARTY; AND

~~6.~~ F. IF APPLICABLE, NOTICE TO AFFECTED HOUSEHOLDS THAT MAY BE REQUIRED UNDER ~~§ 5-6D-06~~ § 5-6D-05 OF THIS SUBTITLE;

~~(3)~~ (III) AN ANNUAL OPERATING BUDGET, INCLUDING INSURANCE, MAINTENANCE, RESERVES, AND GENERAL EXPENSES;

~~(4)~~ (IV) BYLAWS; AND

~~(5) (V) A SHARE AGREEMENT; AND~~

~~(6) ANY OTHER DOCUMENTS OR INFORMATION REQUIRED BY THE
DEPARTMENT.~~

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

~~(C) (1) (I) A MARYLAND NONSTOCK CORPORATION SHALL FILE THE
DISCLOSURE STATEMENT REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION
WITH THE DEPARTMENT NOT LATER THAN 90 DAYS AFTER AN AFFIRMATIVE VOTE
UNDER § 5-6D-03 THIS SUBTITLE.~~

~~(H) THE DEPARTMENT MAY GRANT AN EXTENSION OF THE
DEADLINE ESTABLISHED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THE
MARYLAND NONSTOCK CORPORATION DEMONSTRATES A GOOD FAITH EFFORT TO
PREPARE THE DOCUMENTS.~~

~~(2) (I) A MARYLAND NONSTOCK CORPORATION MAY SUBMIT A
REQUEST TO THE DEPARTMENT FOR A FULL OR PARTIAL WAIVER OF THE
REQUIREMENT OF A DISCLOSURE STATEMENT UNDER PARAGRAPH (1) OF THIS
SUBSECTION.~~

~~(H) THE DEPARTMENT MAY GRANT A FULL OR PARTIAL WAIVER
OF ONE OR MORE OF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION
IF THE MARYLAND NONSTOCK CORPORATION MAKES GOOD FAITH EFFORTS TO
SATISFY THE REQUIREMENTS.~~

~~(D)~~ WITHIN 30 DAYS AFTER RECEIPT OF DOCUMENTS AND INFORMATION
PROVIDED BY A MARYLAND NONSTOCK CORPORATION IN ACCORDANCE WITH THIS
SECTION, THE DEPARTMENT SHALL:

(1) ~~CONDITIONALLY ACCEPT~~ ACCEPT THE DOCUMENTS FOR RECORD
~~SUBJECT TO AN AFFIRMATIVE VOTE BY THE MARYLAND NONSTOCK CORPORATION
TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE; OR~~

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

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

~~5-6D-05.~~

~~(A) (1) IF THE DEPARTMENT CONDITIONALLY ACCEPTS A SUBMISSION UNDER § 5-6D-04 OF THIS SUBTITLE, THE MARYLAND NONSTOCK CORPORATION SHALL:~~

~~(i) PROMPTLY NOTIFY EACH MEMBER OF THE ACCEPTANCE BY THE DEPARTMENT; AND~~

~~(ii) HOLD A VOTE TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE NOT LATER THAN 30 DAYS AFTER PROVIDING NOTICE.~~

~~(2) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:~~

~~(i) INFORM THE MEMBERS THAT AN ELECTION TO CONVERT THE MARYLAND NONSTOCK CORPORATION TO A LIMITED EQUITY HOUSING COOPERATIVE WILL BE HELD NOT LATER THAN 30 DAYS AFTER DELIVERY OF THE NOTICE; AND~~

~~(ii) INCLUDE A COPY OF THE DOCUMENTS CONDITIONALLY ACCEPTED BY THE DEPARTMENT.~~

~~(B) (1) A VOTE TO CONVERT FROM A MARYLAND NONSTOCK CORPORATION TO A LIMITED EQUITY HOUSING COOPERATIVE SHALL REQUIRE AN AFFIRMATIVE VOTE OF AT LEAST TWO THIRDS OF THE TOTAL MEMBERS.~~

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

~~(C) (1) IF AT LEAST TWO THIRDS OF THE TOTAL MEMBERS OF THE MARYLAND NONSTOCK CORPORATION VOTE TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE, THE MARYLAND NONSTOCK CORPORATION SHALL:~~

~~(i) NOTIFY THE DEPARTMENT; AND~~

~~(ii) BE CONVERTED TO AND RECOGNIZED BY THE DEPARTMENT AS A LIMITED EQUITY HOUSING COOPERATIVE.~~

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

~~(D) ONCE A MARYLAND NONSTOCK CORPORATION IS CONVERTED TO A LIMITED EQUITY HOUSING COOPERATIVE, VOTES SHALL BE ASSIGNED SO THAT EACH UNIT HAS ONE VOTE.~~

~~5-6D-06.~~

(A) IF A MARYLAND NONSTOCK CORPORATION VOTES TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION, THE COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION SHALL:

(1) OFFER THE OPPORTUNITY TO BECOME A MEMBER OF THE LIMITED EQUITY HOUSING COOPERATIVE TO EACH HOUSEHOLD; AND

(2) ~~PROVIDE~~ PROVIDE WRITTEN NOTICE OF THE CONVERSION TO ANY HOUSEHOLD THAT DOES NOT ACCEPT THE OFFER AND THAT WILL BE REQUIRED TO VACATE A PORTION OF THE RESIDENTIAL RENTAL FACILITY USED AS A RESIDENCE BY THE HOUSEHOLD.

(B) EXCEPT AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS SECTION, A COOPERATIVE LIMITED EQUITY HOUSING COOPERATIVE CORPORATION MAY REQUIRE A HOUSEHOLD TO VACATE NOT EARLIER THAN 90 DAYS AFTER RECEIPT OF NOTICE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION.

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

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

(2) THE HOUSEHOLD:

(i) IS A LOW-INCOME HOUSEHOLD;

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

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

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

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

(2) FAILS TO PAY RENT BEFORE OR AFTER THE NOTICE TO VACATE IS GIVEN.

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

(1) ARE ACTUALLY AND REASONABLY INCURRED; AND

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

~~5-6D-07.~~ 5-6D-06.

(A) THE APPRECIATION AND RESALE OF A COOPERATIVE INTEREST MAY NOT EXCEED THE COST PAID BY THE MEMBER FOR THE INITIAL COOPERATIVE INTEREST, ADJUSTED FOR INFLATION PLUS THE COST OF IMPROVEMENTS TO THE COOPERATIVE INTEREST MADE BY THE MEMBER THAT WERE APPROVED BY THE COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION.

(B) A COOPERATIVE INTEREST MAY BE SOLD ONLY TO A LOW-INCOME HOUSEHOLD.

~~5-6D-08.~~ 5-6D-07.

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

(1) TO THE EXTENT APPLICABLE TO AND NOT INCONSISTENT WITH THIS SUBTITLE, USING A STANDARDIZED METHODOLOGY, ESTABLISH ADDITIONAL

1 RIGHTS AND REQUIREMENTS FOR A COOPERATIVE LIMITED EQUITY HOUSING
2 ~~COOPERATIVE~~ CORPORATION AND ITS MEMBERS BASED ON AN INDIVIDUALIZED
3 ASSESSMENT OF THE COOPERATIVE;

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

7 (3) ESTABLISH A PROGRAM TO PROVIDE GRANTS TO MARYLAND
8 NONSTOCK CORPORATIONS TO PROMOTE THE ESTABLISHMENT OF COOPERATIVE
9 LIMITED EQUITY HOUSING ~~COOPERATIVES~~ CORPORATIONS.

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

12 ~~5-6D-09.~~ 5-6D-08.

13 (A) A COUNTY OR MUNICIPALITY MAY NOT IMPOSE RESTRICTIONS ON A
14 COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~ CORPORATION.

15 (B) THE PROHIBITION IN SUBSECTION (A) OF THIS SECTION INCLUDES
16 REQUIREMENTS THROUGH LOCAL LAW OR ORDINANCE THAT RESTRICT THE SALE OF
17 RESIDENTIAL RENTAL FACILITIES TO A MARYLAND NONSTOCK CORPORATION THAT
18 PLANS TO CONVERT TO A COOPERATIVE LIMITED EQUITY HOUSING ~~COOPERATIVE~~
19 CORPORATION.

20 ~~5-6D-10.~~ 5-6D-09.

21 THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS
22 SUBTITLE AND ENSURE THE EFFECTIVE FUNCTIONING OF COOPERATIVE LIMITED
23 EQUITY HOUSING ~~COOPERATIVES~~ CORPORATIONS.

24 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read~~
25 ~~as follows:~~

26 ~~Article Tax Property~~

27 ~~7-308.~~

28 (A) ~~SUBJECT TO SUBSECTION (B) OF THIS SECTION, PROPERTY IS NOT~~
29 ~~SUBJECT TO STATE PROPERTY TAX IF THE PROPERTY IS OWNED BY A LIMITED~~
30 ~~EQUITY HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF~~
31 ~~TITLE 5, SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.~~

~~(B) THE EXEMPTION UNDER SUBSECTION (A) OF THIS SECTION APPLIES ONLY FOR THE FIRST 5 TAXABLE YEARS THAT THE LIMITED EQUITY HOUSING COOPERATIVE OWNS THE PROPERTY.~~

~~9-275.~~

~~(A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED BY A LIMITED EQUITY HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF TITLE 5, SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.~~

~~(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY LAW, FOR:~~

~~(1) THE AMOUNT AND DURATION OF THE TAX CREDIT UNDER THIS SECTION;~~

~~(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE TAX CREDIT UNDER THIS SECTION;~~

~~(3) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND~~

~~(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX CREDIT UNDER THIS SECTION.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect June 1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.~~

~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That except as provided in Section 3 of this Act, this Act shall take effect October 1, 2025 2026.~~