

**BEFORE THE MONTGOMERY COUNTY
COMMISSION ON COMMON OWNERSHIP COMMUNITIES**

**OFFICE OF ZONING AND ADMINISTRATIVE HEARINGS
Stella B. Werner Council Office Building
Rockville, Maryland 20850
(240) 777-6660**

IN THE MATTER OF:

DENEEN TAYLOR

Complainant

Deneen Taylor

Jill Taylor

Roma Lee Taylor

For the Complaint

vs.

HERITAGE GREEN CONDOMINIUM ASSN.

Respondent

Bruce Blumberg

Roger Stephens

Milan Straka

April VanDusen

Bruce Blumberg

Martin Siegel

Jamie Straka

For the Respondent

CCOC Case No. 16-12
(OZAH Referral No. 13-01)

Before: Lynn A. Robeson, Hearing Examiner

HEARING EXAMINER'S REPORT AND RECOMMENDATION

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I. STATEMENT OF THE CASE

This case arises from a complaint filed by Ms. Deneen Taylor on March 20, 2012 (Complaint). Exhibit 1, p. 1. The Complaint states that excessive noise is emanating from the unit above hers and challenges a decision of the Heritage Green Condominium Association (Heritage Green or Association) refusing to (1) require the tenant above her to move to the first floor, (2) fine the owner, and (3) take additional action against the owner of the unit to mitigate noise which, according to Ms. Taylor, interferes with her quality of life. Exhibit 1, p. 3. In addition, Ms. Taylor states that Heritage Green's Board of Directors did not provide her with a fair hearing for two reasons. Exhibit 1, p. 4. She alleges that she had to wait an additional month for a hearing because the tenant of the unit above her did not show up at one hearing. She also alleges that she did not have the opportunity to present her case fully at the second hearing (which the tenant did attend).

On September 26, 2012, the Montgomery County Commission on Common Ownership Communities (CCOC) referred this matter to the Office of Zoning and Administrative Hearings (OZAH) for a hearing pursuant to §10B-12(e) of the Montgomery County Code. The record in this case reveals that, prior to the referral to OZAH, Ms. Taylor had requested and received a hearing before the Heritage Green, although she contends that, at the hearing, the Board unfairly deprived her of the opportunity to present her case. The Commission on Common Ownership Communities (CCOC) noted its jurisdiction on June 6, 2012. Exhibit 5.

On September 28, 2012, OZAH noticed a public hearing for Tuesday, October 30, 2012. Exhibit 1, p. 57. At the Complainant's request a subpoena was issued to Ms. Jill Taylor, the Complainant's sister. Heritage Green requested two subpoenas for Mr. Milan

Straka and Ms. Jamie Straka, the owners of the upstairs unit. These requests were granted and the subpoenas were issued on October 2, 2012. Exhibits 14-16.

The October 30, 2012, hearing was postponed due to Superstorm Sandy and rescheduled for November 30, 2012. The Complainant, Ms. Jill Taylor and Ms. Roma Lee Taylor testified for the Complainant. Six witnesses testified on behalf of the Respondent: Mr. Bruce Blumberg, Heritage Green's property manager, Milan and Jamie Straka, owners of the unit above Ms. Taylor's, Ms. April VanDusen, the person who took the minutes of the Board meeting for Ms. Taylor's complaint, and three Board members, Mr. Roger Stephens, Mr. Martin Siegel, and Mr. Norman Hardy. Mr. Hardy also represented Heritage Green at the hearing.

For the reasons that follow, the Hearing Examiner finds that Heritage Green's decision denying Ms. Taylor's request to move the tenant of the upstairs unit to a first floor unit, to fine the owner of the unit, or to take additional action to mitigate the noise emanating from the unit should be affirmed under the business judgment rule. The Hearing Examiner also finds that the Board provided a fair hearing to the Complainant.

II. SUMMARY OF TESTIMONY

For the Complainant

1. Ms. Jill Taylor:

Ms. Taylor testified that she is the Complainant's sister. She visited Ms. Deneen Taylor's unit approximately one year ago and heard noise coming from above in the hallway and the bedroom. She stated that the noise continued all night. When she stays over, she sleeps in the den and would hear the noise at 3:00 a.m. She described the noise as "stomping, running back and forth; hollering." T. 10-11. The noise lasted through 6:00 a.m.

and she got no sleep after 3:00 a.m. The last time she heard the noise was about four months ago. She complained to the tenant upstairs and asked her to control her child. According to Ms. Taylor, the tenant told her that her child had autism and there was nothing she could do. She was also visiting when the owner upstairs installed carpet in the unit, but she saw only padding and no carpet. T. 12-13.

On cross-examination, Ms. Taylor testified that she was not prohibited from attending the hearing before the Board of Directors – she failed to attend because she was ill. T. 16.

2. Ms. Roma Lee Taylor:

Ms. Roma Lee Taylor is the Complainant's mother. T. 16. She testified that she visited her daughter's apartment "a couple" of times and noise from the unit above woke her up. T. 17. One time, she was in the bedroom where she heard a very heavy sound of a child running back and forth and jumping. She stated that she did not get rest. This visit was when the existing tenants first moved into the unit, although she cannot remember the exact dates. The noise she heard occurred during the night. T. 18-19. She heard noise from the prior tenant as well, although not as badly as the existing tenant. T. 19.

On cross-examination, Ms. Taylor testified that she has not visited the unit in the last three or four months. T. 20.

3. Ms. Deneen Taylor:

Ms. Taylor testified that she has lived in her unit for several years. When she first moved in, the unit above her was owner-occupied and she did not notice noise. When a new owner purchased the apartment, a Ms. Keene, Ms. Taylor did not feel the noise was a significant problem. Later, Ms. Keene moved out and rented the apartment to a young lady with a child. T. 22. At this point, according to Ms. Taylor, everything "went awry". She

heard a child running, stomping, and what sounded like jumping off the bed. She complained about the noise, although she was able to communicate a little better with that tenant. T. 22-23.

Ms. Taylor stated that, in addition to the noise, there was a problem with drugs in the upstairs unit. People were going in and out and there would be loud music, which at one point caused her to call the police. T. 23. She did not know what happened to that tenant.

After that, she believes that Ms. Keene may have sold the property, although she is not sure. The current tenants include two males, a female, and two children. According to Ms. Taylor, the noise from the unit started getting very bad again when the current tenant moved in. She described the noise as “thumping and jumping” and stated that she’s been awakened from sleep by loud “booms”. She also hears “cracking, crackling” and “squeaking”. Ms. Taylor testified that she notices the noises between 3:00 a.m. and 8:00 a.m. in the morning. T. 26-27. To her, it sounds as if the children are jumping from a dresser or bed in the master bathroom, running out of the bedroom and then returning. T. 26. She went to the tenant’s apartment and the children saw the children literally running around the apartment. When she was there, she noted that the apartment was not fully carpeted. T. 26-27. The Board requested that she make a log of the date and times she heard the noise, which she did. T. 28.

The tenant has informed Ms. Taylor that the tenant’s son has some type of health issue that makes him very excitable, but he goes to bed at 9:00 p.m. Ms. Taylor does not believe this because she has heard the noise after 9:00 p.m. and in the early morning. T. 28. This makes it difficult for her because she cannot get back to sleep and has to get up for work in the morning. T. 28.

Ms. Taylor stated that, in the last three weeks, she has not heard any noise—the last time she heard noise was in October of 2012. She continued to keep her log after the Board’s hearing and noted that she heard noises on October 24 and 25th, and November 9th and 10th. On the November dates, she heard the noise between 3:00 a.m. and 9:30 a.m. She called the police, who talked to both her and the tenant upstairs. The police told her she needed to take the matter up with the Association. T. 32.

Ms. Taylor does not believe the Board should have told her to wear ear plugs. She doesn’t feel that she should come home and be awakened by thumping, running and jumping. She didn’t think it was fair that she had to wait for a second hearing because the tenant didn’t show up at the first hearing. T. 34.

On cross-examination, Ms. Taylor indicated that she started her second noise log beginning on October 24th, when the carpet had already been installed. T. 37. She testified that she attended several hearings before the Board where the tenant had been present and that the Board had been helpful between those meetings. T. 51.

For the Respondent

1. Mr. Roger Stephens:

Mr. Stephens testified that he has lived at Heritage Gardens for over 31 years. T. 53. At one point, the unit above him was vacant in the past and during that time he heard noises that he believed were coming from the vacant unit. T. 54. He wondered if there were ghosts in the apartment above him because he could hear people walking. Later, he determined that the noise actually came from an apartment next to the vacant apartment. He has heard noises from closing doors but could not accurately identify from which unit the noise was

originating until he experienced it several times. In his opinion, sound transfers through the wall of the building and it is difficult to ascertain the source. T. 54-56.

2. Mr. Milan Straka:

Mr. Straka testified that he owns the unit above Ms. Taylor's unit. He has owned the unit for two years and Ms. Taylor has not complained to him about noise from the unit until the hearings before the Board. T. 58-59. At the February 15, 2012, Board meeting, he spoke with Ms. Taylor and his tenant, Ms. Prather, about installing carpet in his unit. He installed Berber carpet, which in his opinion, is quite thick. He also installed thick padding. T. 59. Ms. Prather has informed him a few times that her son is on medication to help him sleep, but he did not delve into the son's exact diagnosis. T. 58-60.

Mr. Straka described the location of the carpet within his unit. According to him, there is carpet in both bedrooms, in the living room, the dining room, and partially in the hallway. T. 61. There is no carpet outside the bathroom, but the Board member who did the walkthrough with him after installation indicated that the amount of floor area required by the condominium rules had been carpeted. T. 61.

Mr. Straka also testified that he has a clause in his lease prohibiting the tenant from causing disturbance. On cross-examination, Mr. Straka stated that he has returned to the unit several times for maintenance and the carpet is still installed. It was professionally installed, although he could not recall exactly when this occurred. T. 63. He stated that he invited Ms. Prather to the hearings scheduled before the Board rather than mandating she come. He felt that he did not have the authority as a landlord to mandate her presence. T. 65-67.

3. Ms. Jamie Straka: Ms. Straka testified that she could not recall exactly when the carpet was installed, although she did contact the contractor within one or two days of the February 15, 2013, hearing before the Board. T. 115-117.

4. Ms. April VanDusen:

Ms. VanDusen testified that she was present at the hearings before the Board of Directors in this case and that she prepared the minutes of the hearings. T. 68. She works for Abaris Realty, the property management company. She stated that when Abaris receives a complaint from a tenant, there is a procedure that must be followed. They are required to provide a certain amount of notice of the hearing. After they receive a complaint, they notify the person who is the subject of the complaint and ask them to take corrective action. If Abaris receives a second complaint, they send another letter and invite them to a hearing. In some cases, it takes longer than one month to receive a hearing on a complaint. T. 68.

Ms. VanDusen also testified that, during the Board's hearing, both sides had ample, uninterrupted time to speak. During the hearing at which Ms. Prather was present, Ms. Prather and Ms. Taylor kept interrupting each other, although Ms. Taylor was able to read the entire log she had kept of the noise. T. 75.

5. Mr. Norman Hardy:

Mr. Hardy testified that the Board did not fine Mr. Straka because he was attempting to address Ms. Taylor's complaints by carpeting the unit. The Board was unaware that Ms. Taylor had complaints regarding noise after the carpet had been installed. T. 77.

Mr. Hardy stated that he believed the Board had enforced the Rule prohibiting disturbing noises in units because they were unaware that the noise was a continuing problem after the carpeting had been installed. T. 89.

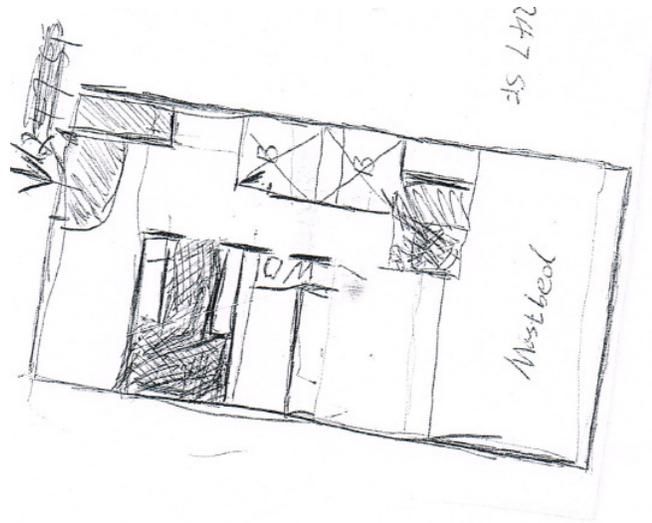
6. Mr. Bruce Blumberg:

Mr. Blumberg testified that there was no explicit rule requiring that 80% of the condominium unit be carpeted. The need to carpet 80% of the unit is a general standard in the property management industry. According to him, everything but the kitchen and bathrooms should be carpeted.

He also testified that he has been a property manager 36 years and there is a limit to what can be done to mitigate noise in multi-family environments. T. 84-85. He does not believe the Board has the power to require Mr. Straka to kick his tenants out. There are activities which make excessive noise, such as playing basketball, but that is extreme. He believes the Board listened to all the evidence, and required the changes to mitigate the noise that they could. T. 85.

7. Mr. Martin Siegel:

Mr. Siegel testified that he is a member of the Board of Directors; although he no longer lives in the community, he does own rental units. T. 99. He stated that he and Ms. Straka went to the apartment to verify the carpeting was installed and it was. Carpeting covered the floor in both bedrooms, the hallway outside of the master bedroom, and the living room; the area outside of the bathroom, the master bath, the kitchen and an area outside of the kitchen were not carpeted. In the foyer, there is a platform about 5 inches high that has tile on it. That area is about 3 ½ feet by 7 or 8 feet. He sketched the floor plan of the apartment and the carpeted areas (Exhibit 32, shown on the following page), which are *not* shaded.



According to Mr. Siegel, the layout of Mr. Straka's apartment is identical to Ms. Taylor's apartment. T. 103. The apartment is approximately 1,247 square feet; according to his calculations, about 83% of the apartment is carpeted. T. 106. In his opinion, the carpet was not substandard. T. 106.

III. FINDINGS AND CONCLUSIONS

Decisions and actions of the Board of Directors of a condominium's Council of Unit owners are regulated by State law, by the Association's governing documents when consistent with State law, and by Maryland case law. *Maryland Code Real Property, Annot.*, §11-124. State law controls over anything to the contrary in an association's governing documents. In this case, the governing documents include a condominium deed, Articles of Incorporation, a Declaration of Condominium, By-Laws (attached as Appendix B to the Declaration of Condominium) and Rules and Regulations. Exhibit 33. If the Board has acted within the confines of State law and its governing documents, Maryland courts apply two legal standards for review of Board actions: These include (1) the "reasonableness standard" and (2) the "business judgment rule". See, e.g., *Kirkley v. Seipelt*, 121 Md. 127 (1957) (reasonableness test applied to denial of architectural approval), *Black v. Fox Hills*

North Community Association, 90 Md. App. 75 (1992) (business judgment rule applied to Board decision refusing to require removal of a fence determined to be in violation of the Association's architectural covenants); *Markey v. Wolf*, 92 Md. App. 137 (1992). The Hearing Examiner found no Maryland case explicitly addressing whether the "reasonableness standard" or the "business judgment rule" should be applied to a Board's failure to enforce a regulation prohibiting excessive noise to the complaining unit owner's satisfaction. Because the facts of this case involve the Board's decision not to enforce a further regulation, the Hearing Examiner finds these facts similar to those in *Fox Hills*. Thus, the standard to be applied to the Board's actions, articulated by the *Fox Hills* court, is:

This rule requires the presence of fraud or lack of good faith in the conduct of a corporation's internal affairs before the decisions of a board of directors can be questioned . . . [I]f the corporate directors' conduct is authorized, a showing must be made of fraud, self-dealing or unconscionable conduct to justify judicial review. This presents an issue of law rather than of fact . . . Although directors of a corporation have a fiduciary relationship to the shareholders, they are not expected to be incapable of error. All that is required is that persons in such positions act reasonably and in good faith in carrying out their duties . . . Courts will not second-guess the actions of directors unless it appears that they are the result of fraud, dishonesty or incompetence." (citations omitted). *Black v. Fox Hills North Community Association*, 90 Md. App. 75, 82 (1992)

The critical questions in this case, therefore, concern whether Heritage Green's actions in resolving this dispute were "legally authorized" (consistent with State law and the Association's governing documents) and whether its actions were taken in good faith. Because the Hearing Examiner answers both questions in the affirmative, she recommends that the Complaint be denied, for the reasons that follow. In addition, the Hearing Examiner finds that the Complainant has failed to submit sufficient proof that the noise is prohibited by Heritage Green's Rules and Regulations.

Heritage Green's Declaration of Covenants and By-Laws are silent regarding disturbances emanating from within another owner's unit. Article 5, Section 2 of the By-Laws, however, vests the Board with the authority:

To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupation and maintenance of the project and the use of common elements as provided in Article IX, Section 9.¹ Exhibit 33, By-Laws, p. 4.

Pursuant to this authority, Heritage Green has adopted Rules and Regulations that address disturbing noise generated from within individual units (Exhibit 33, Rules and Regulations, revised March, 2008):

8. No noxious or offensive activity shall be carried on in any Unit or the "Common Elements", nor shall anything be done therein, which may become an annoyance or nuisance to other Co-Owners. No Co-Owner shall make or permit any disturbing noises in the Buildings, or permit anything which will interfere with the rights, comforts or convenience of other Co-Owners. All Co-Owners shall keep the volume of any radio, television or musical instrument in their Units sufficiently reduced at all times so as not to disturb other Co-Owners. Co-Owners shall not operate, or permit to be operated, any devices in a unit between the hours of 11:00 p.m. and the following 8:00 a.m. if the same shall disturb or annoy other Co-Owners.

The Hearing Examiner has found no Maryland appellate court case discussing the duty of a condominium association to address noise generated from within an individual unit. The CCOC has had occasion to address such complaints, although these cases were resolved on the lack of evidence proving that the noise was excessive. In CCOC Case No. 551-O, *Malespin v. Sierra Landing Condominium Association* (June 9, 2003), the Hearing Panel dismissed the complaint, finding that the complainant failed to prove that the noise was excessive. Instead, the panel recognized that multi-family living necessitated some noise:

Anybody who has ever lived under another apartment can appreciate that

¹ Article X, Section 3 of the By-Laws does specify certain prohibited "uses and nuisances"; however, there is no explicit reference to excessive noise emanating from another owner's unit. Exhibit 33, By-Laws, p. 13.

noise resulting from another's living habits can be annoying. However, people who live in close quarters, such as apartments and condominiums, understand that such noise will occur. Some of this will result from the mechanization of modern living including heating units, dishwashers, garbage disposals even flushing toilets. Unless the noise is excessive, it must be accepted as part of life in close condominium quarters.

In another CCOC case, *Faville v. Brookstone Condominium, Inc.*, CCOC Case No. 560-O (August 21, 2003), the facts were similar to those in this case—the Complainant alleged that she periodically heard loud booming and banging noises as well as the sound of running children from the unit above her. Results of sound testing in the unit performed by the condominium, indicated that the noise generated was at normal levels. *Faville* at pp. 2-4. The Hearing Panel found that the Association’s Rule prohibiting “disturbing noises” must be interpreted as prohibiting noises that would “unreasonably disturb a person of normal sensibilities.” *Id.* at 4. As the only objective evidence as to noise levels was the evidence from the sound testing, the Panel concluded the Complainant had failed to prove the noise was excessive, although it may have been disturbing to the Complainant: “The mere fact that noise disturbs an owner does not create a responsibility on the part of the condominium. There must be a showing that the noise is unreasonable in order to provide any such duty.” *Id.* at 5.

There is some evidence in this case that noise generated by Mr. Straka’s tenant may be excessive due to the hours during which it occurs. However, this evidence is not overwhelming. Neither Ms. Taylor’s sister or mother had visited the unit in the last four months (after the carpet was installed) and Ms. Taylor’s more recent noise log does not begin until October 24, 2012, indicating that there was at least some period of time that noise was not an issue. While the Hearing Examiner finds that the Complainant is, in fact, disturbed by the noise from the unit above her, testimony indicates that she was not disturbed by the noise

from above until children moved into the unit. It may be reasonably inferred that children generate more noise than would occur in units without children, however, there is no specialized objective testing, such as done in the *Malespin* case, to indicate that the noise is excessive.

More importantly, there is no evidence in this case that Heritage Green failed to (1) follow its own procedures or (2) to act in good faith. The Hearing Examiner does not infer bad faith on the Board because Mr. Straka's tenant failed to show up at one hearing. Mr. Straka testified that he asked her to come, but did not think he could require it; her absence was cured by a subsequent hearing before the Board with all parties present, including Mr. Straka's tenant. The Hearing Examiner finds credible Ms. VanDusen's testimony that Ms. Taylor was able fully to voice her Complaint to the Board at the subsequent hearing.

In addition, the Hearing Examiner finds that Heritage Green did take affirmative actions to resolve Ms. Taylor's complaint by working with Mr. Straka to have carpeting installed to industry standards and to inspect the unit to verify this. These actions do not support a finding that they acted in bad faith.

Ms. Taylor believes that the Board should move the tenant to a first floor apartment or in the alternative, fine the owner of the unit, Mr. Straka, until the noise ceases. The Hearing Examiner perceives no authority under Heritage Green's governing documents which would allow the Board physically to re-locate a tenant from an owner's unit and move them to another unit. Thus, Ms. Taylor's requested relief in this could not be granted and therefore, does not support bad faith on behalf of the Board.

Heritage Green does have the authority, however, to fine Mr. Straka for failure to abide by the condominium's Rules and Regulations. The decision not to impose these fines

is governed by the business judgment rule, which mandates that the decision be upheld unless the Board acted fraudulently or in bad faith. Mr. Hardy testified that the Board did not fine Mr. Straka because he was cooperating by installing carpet. This is within the realm of discretion permitted to the Board and does not suggest fraudulent dealing or bad faith. For these reasons, the Hearing Examiner finds that, because the Board's actions were legally authorized, they should be affirmed.

IV. RECOMMENDATION

For the reasons set forth above, the Hearing Examiner recommends that the Complaint should be denied and that the Board's decision not to take further steps to mitigate the noise should be affirmed.

Respectfully submitted,

Lynn A. Robeson
Hearing Examiner

DATED: January 9, 2013