

# HOUSE BILL 525

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By: **Delegates McConkey, V. Clagett, Hucker, Shewell, and Weir**

Introduced and read first time: February 7, 2007

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Real Property – Condominiums and Homeowners Associations – Court**  
3 **Appointment of Receiver**

4 FOR the purpose of authorizing ~~a unit owner~~ not less than a certain number of unit  
5 owners to petition a certain circuit court to appoint a receiver if a council of unit  
6 owners fails to fill certain vacancies on the board of directors under the  
7 Maryland Condominium Act; requiring ~~a certain unit owner~~ the unit owners to  
8 mail a certain notice; requiring ~~a certain unit owner~~ the unit owners to post a  
9 certain notice in a certain manner; providing that the unit ~~owner~~ owners may  
10 proceed with the petition under certain circumstances; providing that a certain  
11 receiver may not reside in or own a unit in a certain condominium; providing  
12 that a certain receiver shall have certain powers and duties; providing for the  
13 term of service of a receiver; providing that the salary of a certain receiver,  
14 certain court costs, and certain attorney's fees are common expenses;  
15 authorizing ~~an owner of a certain lot~~ not less than a certain number of owners of  
16 certain lots to petition a certain circuit court to appoint a receiver if a  
17 homeowners association fails to fill certain vacancies on the governing body  
18 under the Maryland Homeowners Association Act; requiring ~~a certain lot owner~~  
19 the lot owners to mail a certain notice; providing that the lot ~~owner~~ owners may  
20 proceed with the petition under certain circumstances; providing that a certain  
21 receiver may not reside in or own a lot in a certain development; providing that

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**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 the salary of a certain receiver, certain court costs, and certain attorney's fees  
 2 are expenses of a homeowners association; and generally relating to the  
 3 appointment of a receiver for a condominium or a homeowners association.

4 BY adding to

5 Article – Real Property

6 Section 11–109.3 and 11B–111.5

7 Annotated Code of Maryland

8 (2003 Replacement Volume and 2006 Supplement)

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

11 **Article – Real Property**

12 **11–109.3.**

13 (A) IF THE COUNCIL OF UNIT OWNERS FAILS TO FILL VACANCIES ON  
 14 THE BOARD OF DIRECTORS SUFFICIENT TO CONSTITUTE A QUORUM IN  
 15 ACCORDANCE WITH THE BYLAWS, ~~A UNIT OWNER~~ THREE OR MORE UNIT OWNERS  
 16 MAY PETITION THE CIRCUIT COURT FOR THE COUNTY WHERE THE  
 17 CONDOMINIUM IS LOCATED TO APPOINT A RECEIVER TO MANAGE THE AFFAIRS  
 18 OF THE COUNCIL OF UNIT OWNERS.

19 (B) (1) AT LEAST 30 DAYS BEFORE PETITIONING THE CIRCUIT  
 20 COURT, THE UNIT ~~OWNER~~ OWNERS ACTING UNDER THE AUTHORITY GRANTED  
 21 BY SUBSECTION (A) OF THIS SECTION SHALL MAIL TO THE COUNCIL OF UNIT  
 22 OWNERS A NOTICE DESCRIBING THE PETITION AND THE PROPOSED ACTION.

23 (2) THE UNIT ~~OWNER~~ OWNERS SHALL POST A COPY OF THE  
 24 NOTICE IN A CONSPICUOUS PLACE ON THE CONDOMINIUM PROPERTY.

25 (C) IF THE COUNCIL OF UNIT OWNERS FAILS TO FILL VACANCIES  
 26 SUFFICIENT TO CONSTITUTE A QUORUM WITHIN THE NOTICE PERIOD, THE UNIT  
 27 ~~OWNER~~ OWNERS MAY PROCEED WITH THE PETITION.

28 (D) A RECEIVER APPOINTED BY A COURT UNDER THIS SECTION MAY  
 29 NOT RESIDE IN OR OWN A UNIT IN THE CONDOMINIUM GOVERNED BY THE  
 30 COUNCIL OF UNIT OWNERS.

1       ~~(D)~~ (E)       (1)   A RECEIVER APPOINTED UNDER THIS SECTION SHALL  
2 HAVE ALL POWERS AND DUTIES OF A DULY CONSTITUTED BOARD OF  
3 DIRECTORS.

4               (2)   THE RECEIVER SHALL SERVE UNTIL THE COUNCIL OF UNIT  
5 OWNERS FILLS VACANCIES ON THE BOARD OF DIRECTORS SUFFICIENT TO  
6 CONSTITUTE A QUORUM.

7       ~~(E)~~ (F)       ~~IF A RECEIVER IS APPOINTED, THE~~ THE SALARY OF THE  
8 RECEIVER, COURT COSTS, AND REASONABLE ATTORNEY'S FEES ARE COMMON  
9 EXPENSES.

10   **11B-111.5.**

11           (A)   IF A HOMEOWNERS ASSOCIATION FAILS TO FILL VACANCIES ON THE  
12 GOVERNING BODY SUFFICIENT TO CONSTITUTE A QUORUM IN ACCORDANCE  
13 WITH THE BYLAWS, ~~AN OWNER OF A LOT~~ THREE OR MORE OWNERS OF LOTS MAY  
14 PETITION THE CIRCUIT COURT FOR THE COUNTY WHERE THE CONDOMINIUM IS  
15 LOCATED TO APPOINT A RECEIVER TO MANAGE THE AFFAIRS OF THE  
16 HOMEOWNERS ASSOCIATION.

17           (B)   (1)   AT LEAST 30 DAYS BEFORE PETITIONING THE CIRCUIT  
18 COURT, THE LOT ~~OWNER~~ OWNERS ACTING UNDER THE AUTHORITY GRANTED BY  
19 SUBSECTION (A) OF THIS SECTION SHALL MAIL TO THE GOVERNING BODY A  
20 NOTICE DESCRIBING THE PETITION AND THE PROPOSED ACTION.

21           (2)   THE LOT ~~OWNER~~ OWNERS SHALL MAIL A COPY OF THE NOTICE  
22 TO THE OWNER OF EACH LOT IN THE DEVELOPMENT.

23           (C)   IF THE GOVERNING BODY FAILS TO FILL VACANCIES SUFFICIENT TO  
24 CONSTITUTE A QUORUM WITHIN THE NOTICE PERIOD, THE LOT ~~OWNER~~ OWNERS  
25 MAY PROCEED WITH THE PETITION.

26           (D)   A RECEIVER APPOINTED BY A COURT UNDER THIS SECTION MAY  
27 NOT RESIDE IN OR OWN A LOT IN THE DEVELOPMENT GOVERNED BY THE  
28 HOMEOWNERS ASSOCIATION.

29       ~~(D)~~ (E)       (1)   A RECEIVER APPOINTED UNDER THIS SECTION SHALL  
30 HAVE ALL POWERS AND DUTIES OF A DULY CONSTITUTED GOVERNING BODY.

1                   (2) THE RECEIVER SHALL SERVE UNTIL THE HOMEOWNERS  
 2 ASSOCIATION FILLS VACANCIES ON THE GOVERNING BODY SUFFICIENT TO  
 3 CONSTITUTE A QUORUM.

4                   ~~(E)~~ (F) ~~IF A RECEIVER IS APPOINTED, THE~~ THE SALARY OF THE  
 5 RECEIVER, COURT COSTS, AND REASONABLE ATTORNEY’S FEES ARE EXPENSES  
 6 OF THE HOMEOWNERS ASSOCIATION.

7                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 8 October 1, 2007.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.