

# HOUSE BILL 695

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By: **Delegate Hecht**

Introduced and read first time: February 4, 2010

Assigned to: Environmental Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Homeowners Association – Annual Budget**

3 FOR the purpose of requiring a homeowners association to prepare and submit an  
4 annual proposed budget to the lot owners by a certain time period before its  
5 adoption; requiring the budget to include certain items; requiring the budget to  
6 be adopted at an open meeting of the homeowners association or other body to  
7 whom the homeowners association has delegated responsibilities for preparing  
8 and adopting a budget; requiring that certain expenditures, under certain  
9 conditions, arising after the adoption of the budget that would result in an  
10 assessment greater than a certain percent of the budgeted amount, be adopted  
11 by a budget amendment at a special meeting of the homeowners association;  
12 requiring written notice of the special meeting to be given to the lot owners by a  
13 certain time period before the meeting; providing that the adoption of a budget  
14 does not impair certain authority of the homeowners association for certain  
15 expenditures for certain purposes; and generally relating to the preparation and  
16 adoption of an annual budget by a homeowners association.

17 BY adding to

18 Article – Real Property

19 Section 11B–112.2

20 Annotated Code of Maryland

21 (2003 Replacement Volume and 2009 Supplement)

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

24 **Article – Real Property**

25 **11B–112.2.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) THE HOMEOWNERS ASSOCIATION SHALL CAUSE TO BE PREPARED**  
2 **AND SUBMITTED TO THE LOT OWNERS AN ANNUAL PROPOSED BUDGET AT LEAST**  
3 **30 DAYS BEFORE ITS ADOPTION.**

4           **(B) THE ANNUAL BUDGET SHALL PROVIDE INFORMATION ON OR**  
5 **EXPENDITURES FOR AT LEAST THE FOLLOWING ITEMS:**

6                   **(1) INCOME;**

7                   **(2) ADMINISTRATION;**

8                   **(3) MAINTENANCE;**

9                   **(4) UTILITIES;**

10                   **(5) GENERAL EXPENSES;**

11                   **(6) RESERVES; AND**

12                   **(7) CAPITAL EXPENSES.**

13           **(C) THE BUDGET SHALL BE ADOPTED AT AN OPEN MEETING OF THE**  
14 **HOMEOWNERS ASSOCIATION OR ANY OTHER BODY TO WHICH THE**  
15 **HOMEOWNERS ASSOCIATION DELEGATES RESPONSIBILITIES FOR PREPARING**  
16 **AND ADOPTING THE BUDGET.**

17           **(D) EXCEPT FOR AN EXPENDITURE MADE BY THE HOMEOWNERS**  
18 **ASSOCIATION BECAUSE OF A CONDITION THAT, IF NOT CORRECTED, COULD**  
19 **REASONABLY RESULT IN A THREAT TO THE HEALTH OR SAFETY OF THE LOT**  
20 **OWNERS OR A SIGNIFICANT RISK OF DAMAGE TO THE DEVELOPMENT, ANY**  
21 **EXPENDITURE THAT WOULD RESULT IN AN INCREASE IN AN AMOUNT OF**  
22 **ASSESSMENTS FOR THE CURRENT FISCAL YEAR OF THE HOMEOWNERS**  
23 **ASSOCIATION IN EXCESS OF 15% OF THE BUDGETED AMOUNT PREVIOUSLY**  
24 **ADOPTED SHALL BE APPROVED BY AN AMENDMENT TO THE BUDGET ADOPTED**  
25 **AT A SPECIAL MEETING FOR WHICH NOT LESS THAN 10 DAYS WRITTEN NOTICE**  
26 **SHALL BE PROVIDED TO THE LOT OWNERS.**

27           **(E) THE ADOPTION OF A BUDGET DOES NOT IMPAIR THE AUTHORITY OF**  
28 **THE HOMEOWNERS ASSOCIATION TO OBLIGATE THE HOMEOWNERS**  
29 **ASSOCIATION FOR EXPENDITURES FOR ANY PURPOSE CONSISTENT WITH ANY**  
30 **PROVISION OF THIS TITLE.**

31           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2010.