

# 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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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2010

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

1 AN ACT concerning

2 ~~Real Property~~ **Homeowners Association – Annual Budget – Notice,**  
3 **Information, and Adoption**

4 FOR the purpose of requiring the board of directors or other governing body of a  
5 homeowners association to prepare and submit an annual proposed budget to  
6 the lot owners by a certain time period before its adoption; authorizing the  
7 annual proposed budget and notice of the meeting at which the proposed budget  
8 will be considered to be sent to lot owners by electronic transmission, by posting  
9 on the homeowners association’s home page, or by including the annual  
10 proposed budget or notice in the homeowners association’s newsletter; requiring  
11 the budget to include certain items; requiring the budget to be adopted at an  
12 open meeting of the homeowners association or other body to whom the  
13 homeowners association has delegated responsibilities for preparing and  
14 adopting a budget; requiring that certain expenditures, under certain  
15 conditions, arising after the adoption of the budget that would result in an  
16 assessment greater than a certain percent of the budgeted amount, be adopted  
17 by a budget amendment at a special meeting of the homeowners association;  
18 requiring written notice of the special meeting to be given to the lot owners by a  
19 certain time period before the meeting; providing that the adoption of a budget  
20 does not impair certain authority of the homeowners association for certain  
21 expenditures for certain purposes; providing for the application of this Act; and  
22 generally relating to the preparation and adoption of an annual budget by a  
23 homeowners association.

24 BY adding to

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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 Article – Real Property  
 2 Section 11B–112.2  
 3 Annotated Code of Maryland  
 4 (2003 Replacement Volume and 2009 Supplement)

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

7 **Article – Real Property**

8 **11B–112.2.**

9 **(A) THIS SECTION APPLIES ONLY TO A HOMEOWNERS ASSOCIATION**  
 10 **THAT HAS RESPONSIBILITY UNDER ITS DECLARATION FOR MAINTAINING AND**  
 11 **REPAIRING COMMON AREAS.**

12 **(B) (1) THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF A**  
 13 **HOMEOWNERS ASSOCIATION SHALL CAUSE TO BE PREPARED AND SUBMITTED**  
 14 **TO THE LOT OWNERS AN ANNUAL PROPOSED BUDGET AT LEAST 30 DAYS**  
 15 **BEFORE ITS ADOPTION.**

16 **(2) THE ANNUAL PROPOSED BUDGET MAY BE SENT TO EACH LOT**  
 17 **OWNER BY ELECTRONIC TRANSMISSION, BY POSTING ON THE HOMEOWNERS**  
 18 **ASSOCIATION’S HOME PAGE, OR BY INCLUDING THE ANNUAL PROPOSED**  
 19 **BUDGET IN THE HOMEOWNERS ASSOCIATION’S NEWSLETTER.**

20 ~~(B)~~ **(C) THE ANNUAL BUDGET SHALL PROVIDE INFORMATION ON OR**  
 21 **EXPENDITURES FOR AT LEAST THE FOLLOWING ITEMS:**

- 22 (1) INCOME;
- 23 (2) ADMINISTRATION;
- 24 (3) MAINTENANCE;
- 25 (4) UTILITIES;
- 26 (5) GENERAL EXPENSES;
- 27 (6) RESERVES; AND
- 28 (7) CAPITAL EXPENSES.

29 ~~(C)~~ **(D) (1) THE BUDGET SHALL BE ADOPTED AT AN OPEN MEETING**  
 30 **OF THE HOMEOWNERS ASSOCIATION OR ANY OTHER BODY TO WHICH THE**

1 HOMEOWNERS ASSOCIATION DELEGATES RESPONSIBILITIES FOR PREPARING  
2 AND ADOPTING THE BUDGET.

3 (2) (I) NOTICE OF THE MEETING AT WHICH THE PROPOSED  
4 BUDGET WILL BE CONSIDERED SHALL BE SENT TO EACH LOT OWNER.

5 (II) NOTICE UNDER SUBPARAGRAPH (I) OF THIS  
6 PARAGRAPH MAY BE SENT BY ELECTRONIC TRANSMISSION, BY POSTING ON THE  
7 HOMEOWNERS ASSOCIATION’S HOME PAGE, OR BY INCLUDING THE NOTICE IN  
8 THE HOMEOWNERS ASSOCIATION’S NEWSLETTER.

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

19 ~~(E)~~ (F) THE ADOPTION OF A BUDGET DOES NOT IMPAIR THE  
20 AUTHORITY OF THE HOMEOWNERS ASSOCIATION TO OBLIGATE THE  
21 HOMEOWNERS ASSOCIATION FOR EXPENDITURES FOR ANY PURPOSE  
22 CONSISTENT WITH ANY PROVISION OF THIS TITLE.

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.