

HOUSE BILL 900

N1, C1

9lr1218

By: **Delegate Holmes**

Introduced and read first time: February 8, 2019

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Cooperative Housing Corporations, Condominiums, and Homeowners**
3 **Associations – Reserve Studies**

4 FOR the purpose of requiring the governing body of certain cooperative housing
5 corporations to have a reserve study conducted of the common elements of the
6 cooperative housing corporation by a certain date and at certain intervals under
7 certain circumstances; requiring the reserve study conducted of the common
8 elements of a cooperative housing corporation to meet certain criteria; requiring the
9 owner of a residential rental facility transitioning to a cooperative housing
10 corporation to deliver certain funds within a certain period of time after a certain
11 meeting; requiring the annual budget of a cooperative housing corporation to include
12 certain reserve funds; establishing that the governing body of a cooperative housing
13 corporation has the authority to increase a certain assessment notwithstanding
14 certain provisions; altering the reserve funds a certain condominium developer is
15 required to deliver to the officers or board of directors of a condominium within a
16 certain period of time after a certain meeting; altering the content of the annual
17 budget of certain condominiums; requiring the governing body of certain
18 condominiums to have a reserve study conducted of the common elements of the
19 condominium by a certain date and at certain intervals under certain circumstances;
20 requiring the reserve study conducted of the common elements of a condominium to
21 meet certain criteria; establishing that the board of directors of a condominium has
22 the authority to increase a certain assessment notwithstanding certain provisions;
23 altering the content of the annual budget of certain homeowners associations;
24 altering the reserve funds a certain developer is required to deliver to the governing
25 body of a homeowners association within a certain period of time after a certain
26 meeting; requiring the governing body of certain homeowners associations to have a
27 reserve study conducted of the common areas of a homeowners association by a
28 certain date and at certain intervals under certain circumstances; requiring the
29 reserve study conducted of the common areas of a homeowners association to meet
30 certain criteria; establishing that the governing body of a homeowners association
31 has the authority to increase a certain assessment notwithstanding certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 provisions; defining certain terms; providing for the application of this Act; and
2 generally relating to reserve studies and annual budgets of cooperative housing
3 corporations, condominiums, and homeowners associations.

4 BY adding to
5 Article – Corporations and Associations
6 Section 5–6B–26.1
7 Annotated Code of Maryland
8 (2014 Replacement Volume and 2018 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – Real Property
11 Section 11–109(c)(16), 11–109.2, 11–110(b)(1), 11B–106.1, 11B–112.2, and
12 11B–117(a)
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2018 Supplement)

15 BY adding to
16 Article – Real Property
17 Section 11–109.4 and 11B–112.3
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2018 Supplement)

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

22 **Article – Corporations and Associations**

23 **5–6B–26.1.**

24 **(A) IN THIS SECTION, “RESERVE STUDY” MEANS A STUDY OF THE RESERVES**
25 **REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON**
26 **ELEMENTS OF A COOPERATIVE HOUSING CORPORATION THAT:**

27 **(1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND**
28 **PLUMBING COMPONENT OF THE COMMON ELEMENTS AND ANY OTHER COMPONENTS**
29 **THAT ARE THE RESPONSIBILITY OF THE COOPERATIVE HOUSING CORPORATION TO**
30 **REPAIR AND REPLACE;**

31 **(2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH**
32 **IDENTIFIED COMPONENT;**

33 **(3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF**
34 **EACH IDENTIFIED COMPONENT; AND**

1 **(4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY**
2 **TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.**

3 **(B) THIS SECTION APPLIES ONLY TO A COOPERATIVE HOUSING**
4 **CORPORATION THAT HAS MORE THAN 20 UNITS.**

5 **(C) (1) THIS SUBSECTION APPLIES TO A COOPERATIVE HOUSING**
6 **CORPORATION ESTABLISHED ON OR AFTER OCTOBER 1, 2019.**

7 **(2) THE GOVERNING BODY OF THE COOPERATIVE HOUSING**
8 **CORPORATION SHALL HAVE AN INDEPENDENT RESERVE STUDY COMPLETED NOT**
9 **MORE THAN 90 CALENDAR DAYS AND NOT LESS THAN 30 CALENDAR DAYS BEFORE**
10 **THE FIRST MEETING OF A COOPERATIVE HOUSING CORPORATION AT WHICH THE**
11 **MEMBERS OTHER THAN THE OWNER HAVE A MAJORITY OF VOTES IN THE**
12 **COOPERATIVE HOUSING CORPORATION.**

13 **(3) THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**
14 **COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY**
15 **CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION, AND AT LEAST EVERY 5**
16 **YEARS THEREAFTER.**

17 **(D) (1) THIS SUBSECTION APPLIES TO A COOPERATIVE HOUSING**
18 **CORPORATION ESTABLISHED BEFORE OCTOBER 1, 2019.**

19 **(2) IF THE GOVERNING BODY OF A COOPERATIVE HOUSING**
20 **CORPORATION HAS HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1,**
21 **2015, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5**
22 **YEARS AFTER THE DATE OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS**
23 **THEREAFTER.**

24 **(3) IF THE GOVERNING BODY OF A COOPERATIVE HOUSING**
25 **CORPORATION HAS NOT HAD A RESERVE STUDY CONDUCTED ON OR AFTER**
26 **OCTOBER 1, 2015, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**
27 **CONDUCTED ON OR BEFORE OCTOBER 1, 2020, AND AT LEAST EVERY 5 YEARS**
28 **THEREAFTER.**

29 **(E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:**

30 **(1) INCLUDE A STATEMENT OF THE QUALIFICATIONS OF THE PERSON**
31 **WHO PREPARED THE RESERVE STUDY;**

32 **(2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY UNIT**
33 **OWNER;**

1 (ii) 1. Before the date of the meeting held under subparagraph
2 (i) of this paragraph, the developer shall deliver to each unit owner notice that the
3 requirements of subparagraph (i) of this paragraph have been met.

4 2. The notice shall include the date, time, and place of the
5 meeting to elect the board of directors for the council of unit owners.

6 (iii) If a replacement board member is elected, the term of each
7 member of the board of directors appointed by the developer shall end 10 days after the
8 meeting is held as specified in subparagraph (i) of this paragraph.

9 (iv) Within 30 days from the date of the meeting held under
10 subparagraph (i) of this paragraph, the developer shall deliver to the officers or board of
11 directors for the council of unit owners, as provided in the condominium declaration or
12 bylaws, at the developer's expense:

13 1. The documents specified in § 11-132 of this title;

14 2. The condominium funds, including operating funds,
15 replacement reserves **EQUAL TO AT LEAST THE RESERVE FUNDING AMOUNT**
16 **RECOMMENDED IN THE RESERVE STUDY COMPLETED UNDER § 11-109.4 OF THIS**
17 **TITLE AS OF THE DATE OF THE MEETING**, investment accounts, and working capital;

18 3. The tangible property of the condominium; and

19 4. A roster of current unit owners, including mailing
20 addresses, telephone numbers, and unit numbers, if known.

21 (v) 1. This subparagraph does not apply to a contract entered
22 into before October 1, 2009.

23 2. A. In this subparagraph, "contract" means an
24 agreement with a company or individual to handle financial matters, maintenance, or
25 services for the condominium.

26 B. "Contract" does not include an agreement relating to the
27 provision of utility services or communication systems.

28 3. Until all members of the board of directors of the
29 condominium are elected by the unit owners at a transitional meeting as specified in
30 subparagraph (i) of this paragraph, a contract entered into by the officers or board of
31 directors of the condominium may be terminated, at the discretion of the board of directors
32 and without liability for the termination, not later than 30 days after notice.

33 (vi) If the developer fails to comply with the requirements of this
34 paragraph, an aggrieved unit owner may submit the dispute to the Division of Consumer
35 Protection of the Office of the Attorney General under § 11-130(c) of this title.

1 11-109.2.

2 (a) The council of unit owners shall cause to be prepared and submitted to the
3 unit owners an annual proposed budget at least 30 days before its adoption.

4 (b) The annual budget shall provide for at least the following items:

5 (1) Income;

6 (2) Administration;

7 (3) Maintenance;

8 (4) Utilities;

9 (5) General expenses;

10 (6) **[Reserves] RESERVE FUNDS EQUAL TO AT LEAST 80% OF THE**
11 **FUNDING AMOUNT RECOMMENDED IN THE MOST RECENT RESERVE STUDY**
12 **COMPLETED UNDER § 11-109.4 OF THIS TITLE;** and

13 (7) Capital items.

14 (c) The budget shall be adopted at an open meeting of the council of unit owners
15 or any other body to which the council of unit owners delegates responsibilities for
16 preparing and adopting the budget.

17 (d) Any expenditure made other than those made because of conditions which, if
18 not corrected, could reasonably result in a threat to the health or safety of the unit owners
19 or a significant risk of damage to the condominium, that would result in an increase in an
20 amount of assessments for the current fiscal year of the condominium in excess of 15
21 percent of the budgeted amount previously adopted, shall be approved by an amendment
22 to the budget adopted at a special meeting, upon not less than 10 days written notice to the
23 council of unit owners.

24 (e) The adoption of a budget shall not impair the authority of the council of unit
25 owners to obligate the council of unit owners for expenditures for any purpose consistent
26 with any provision of this title.

27 (f) The provisions of this section do not apply to a condominium that is occupied
28 and used solely for nonresidential purposes.

29 **11-109.4.**

1 **(A) IN THIS SECTION, “RESERVE STUDY” MEANS A STUDY OF THE RESERVES**
2 **REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON**
3 **ELEMENTS OF A CONDOMINIUM THAT:**

4 **(1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND**
5 **PLUMBING COMPONENT OF THE COMMON ELEMENTS AND ANY OTHER COMPONENTS**
6 **THAT ARE THE RESPONSIBILITY OF THE COUNCIL OF UNIT OWNERS TO REPAIR AND**
7 **REPLACE;**

8 **(2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH**
9 **IDENTIFIED COMPONENT;**

10 **(3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF**
11 **EACH IDENTIFIED COMPONENT; AND**

12 **(4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY**
13 **TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.**

14 **(B) THIS SECTION APPLIES ONLY TO A CONDOMINIUM THAT HAS MORE**
15 **THAN 20 UNITS.**

16 **(C) (1) THIS SUBSECTION APPLIES TO A CONDOMINIUM ESTABLISHED ON**
17 **OR AFTER OCTOBER 1, 2019.**

18 **(2) THE GOVERNING BODY OF THE CONDOMINIUM SHALL HAVE AN**
19 **INDEPENDENT RESERVE STUDY COMPLETED NOT MORE THAN 90 CALENDAR DAYS**
20 **AND NOT LESS THAN 30 CALENDAR DAYS BEFORE THE MEETING OF THE COUNCIL OF**
21 **UNIT OWNERS REQUIRED UNDER § 11-109(C)(16) OF THIS SUBTITLE.**

22 **(3) THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**
23 **COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY**
24 **CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION, AND AT LEAST EVERY 5**
25 **YEARS THEREAFTER.**

26 **(D) (1) THIS SUBSECTION APPLIES TO A CONDOMINIUM ESTABLISHED**
27 **BEFORE OCTOBER 1, 2019.**

28 **(2) IF THE GOVERNING BODY OF A CONDOMINIUM HAS HAD A**
29 **RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2015, THE GOVERNING**
30 **BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5 YEARS AFTER THE DATE**
31 **OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS THEREAFTER.**

32 **(3) IF THE GOVERNING BODY OF A CONDOMINIUM HAS NOT HAD A**
33 **RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2015, THE GOVERNING**

1 **BODY SHALL HAVE A RESERVE STUDY CONDUCTED ON OR BEFORE OCTOBER 1, 2020,**
2 **AND AT LEAST EVERY 5 YEARS THEREAFTER.**

3 **(E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:**

4 **(1) INCLUDE A STATEMENT OF THE QUALIFICATIONS OF THE PERSON**
5 **WHO PREPARED THE RESERVE STUDY;**

6 **(2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY UNIT**
7 **OWNER;**

8 **(3) BE REVIEWED BY THE GOVERNING BODY OF THE CONDOMINIUM**
9 **IN CONNECTION WITH THE PREPARATION OF THE ANNUAL PROPOSED BUDGET; AND**

10 **(4) BE SUMMARIZED FOR SUBMISSION WITH THE ANNUAL PROPOSED**
11 **BUDGET TO THE UNIT OWNERS.**

12 11-110.

13 (b) (1) **(I)** Funds for the payment of current common expenses and for the
14 creation of reserves for the payment of future common expenses shall be obtained by
15 assessments against the unit owners in proportion to their percentage interests in common
16 expenses and common profits.

17 **(II) THE BOARD OF DIRECTORS HAS THE AUTHORITY TO**
18 **INCREASE THE ASSESSMENT LEVIED TO COVER THE RESERVE FUNDING AMOUNT**
19 **REQUIRED UNDER § 11-109.4 OF THIS TITLE, NOTWITHSTANDING ANY PROVISION**
20 **OF THE DECLARATION, ARTICLES OF INCORPORATION, OR BYLAWS RESTRICTING**
21 **ASSESSMENT INCREASES OR CAPPING THE ASSESSMENT THAT MAY BE LEVIED IN A**
22 **FISCAL YEAR.**

23 11B-106.1.

24 (a) A meeting of the members of the homeowners association to elect a governing
25 body of the homeowners association shall be held within:

26 (1) 60 days from the date that at least 75% of the total number of lots that
27 may be part of the development after all phases are complete are sold to members of the
28 public for residential purposes; or

29 (2) If a lesser percentage is specified in the governing documents of the
30 homeowners association, 60 days from the date the specified lesser percentage of the total
31 number of lots in the development after all phases are complete are sold to members of the
32 public for residential purposes.

1 (b) (1) Before the date of the meeting held under subsection (a) of this section,
2 the declarant shall deliver to each lot owner notice that the requirements of subsection (a)
3 of this section have been met.

4 (2) The notice shall include the date, time, and place of the meeting to elect
5 the governing body of the homeowners association.

6 (c) The term of each member of the governing body of the homeowners association
7 appointed by the declarant shall end 10 days after the meeting under subsection (a) of this
8 section is held, if a replacement board member is elected.

9 (d) Within 30 days from the date of the meeting held under subsection (a) of this
10 section, the declarant shall deliver the following items to the governing body at the
11 declarant's expense:

12 (1) The deeds to the common areas;

13 (2) Copies of the homeowners association's filed articles of incorporation,
14 declaration, and all recorded covenants, plats, restrictions, and any other records of the
15 primary development and of related developments;

16 (3) A copy of the bylaws and rules of the primary development and of other
17 related developments as filed in the depository of the county in which the development is
18 located;

19 (4) The minute books, including all minutes;

20 (5) Subject to the restrictions of § 11B-112 of this title, all books and
21 records of the homeowners association, including financial statements, minutes of any
22 meeting of the governing body, and completed business transactions;

23 (6) Any policies, rules, and regulations adopted by the governing body;

24 (7) The financial records of the homeowners association from the date of
25 creation to the date of transfer of control, including budget information regarding estimated
26 and actual expenditures by the homeowners association and any report relating to the
27 reserves required for major repairs and replacement of the common areas of the
28 homeowners association;

29 (8) A copy of all contracts to which the homeowners association is a party;

30 (9) The name, address, and telephone number of any contractor or
31 subcontractor employed by the homeowners association;

32 (10) Any insurance policies in effect;

1 (11) Any permit or notice of code violations issued to the homeowners
2 association by the county, local, State, or federal government;

3 (12) Any warranty in effect and all prior insurance policies;

4 (13) The homeowners association funds, including operating funds,
5 replacement reserves **EQUAL TO AT LEAST THE RESERVE FUNDING AMOUNT**
6 **RECOMMENDED IN THE RESERVE STUDY COMPLETED UNDER § 11B-112.3 OF THIS**
7 **TITLE AS OF THE DATE OF THE MEETING**, investment accounts, and working capital;

8 (14) The tangible property of the homeowners association;

9 (15) A roster of current lot owners, including their mailing addresses,
10 telephone numbers, and lot numbers, if known;

11 (16) Individual member files and records, including assessment account
12 records, correspondence, and notices of any violations; and

13 (17) Drawings, architectural plans, or other suitable documents setting
14 forth the necessary information for location, maintenance, and repairs of all common areas.

15 (e) (1) This subsection does not apply to a contract entered into before October
16 1, 2009.

17 (2) (i) In this subsection, “contract” means an agreement with a
18 company or individual to handle financial matters, maintenance, or services for the
19 homeowners association.

20 (ii) “Contract” does not include an agreement relating to the
21 provision of utility services or communication systems.

22 (3) Until all members of the governing body are elected by the lot owners
23 at a transitional meeting under subsection (a) of this section, a contract entered into by the
24 governing body may be terminated, at the discretion of the governing body and without
25 liability for the termination, not later than 30 days after notice.

26 (f) If the declarant fails to comply with the requirements of this section, an
27 aggrieved lot owner may submit the dispute to the Division of Consumer Protection of the
28 Office of the Attorney General under § 11B-115(c) of this title.

29 11B-112.2.

30 (a) This section applies only to a homeowners association that has responsibility
31 under its declaration for maintaining and repairing common areas.

1 (b) (1) The board of directors or other governing body of a homeowners
2 association shall cause to be prepared and submitted to the lot owners an annual proposed
3 budget at least 30 days before its adoption.

4 (2) The annual proposed budget may be sent to each lot owner by electronic
5 transmission, by posting on the homeowners association's home page, or by including the
6 annual proposed budget in the homeowners association's newsletter.

7 (c) The annual budget shall provide [information on or expenditures] for at least
8 the following items:

9 (1) Income;

10 (2) Administration;

11 (3) Maintenance;

12 (4) Utilities;

13 (5) General expenses;

14 (6) [Reserves] **RESERVE FUNDS EQUAL TO AT LEAST 80% OF THE**
15 **FUNDING AMOUNT RECOMMENDED IN THE MOST RECENT RESERVE STUDY**
16 **COMPLETED UNDER § 11B-112.3 OF THIS TITLE;** and

17 (7) Capital expenses.

18 (d) (1) The budget shall be adopted at an open meeting of the homeowners
19 association or any other body to which the homeowners association delegates
20 responsibilities for preparing and adopting the budget.

21 (2) (i) Notice of the meeting at which the proposed budget will be
22 considered shall be sent to each lot owner.

23 (ii) Notice under subparagraph (i) of this paragraph may be sent by
24 electronic transmission, by posting on the homeowners association's home page, or by
25 including the notice in the homeowners association's newsletter.

26 (e) Except for an expenditure made by the homeowners association because of a
27 condition that, if not corrected, could reasonably result in a threat to the health or safety
28 of the lot owners or a significant risk of damage to the development, any expenditure that
29 would result in an increase in an amount of assessments for the current fiscal year of the
30 homeowners association in excess of 15% of the budgeted amount previously adopted shall
31 be approved by an amendment to the budget adopted at a special meeting for which not
32 less than 10 days' written notice shall be provided to the lot owners.

1 (f) The adoption of a budget does not impair the authority of the homeowners
2 association to obligate the homeowners association for expenditures for any purpose
3 consistent with any provision of this title.

4 **11B-112.3.**

5 (A) IN THIS SECTION, "RESERVE STUDY" MEANS A STUDY OF THE RESERVES
6 REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON
7 AREAS OF A HOMEOWNERS ASSOCIATION THAT:

8 (1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND
9 PLUMBING COMPONENT OF THE COMMON AREAS AND ANY OTHER COMPONENTS
10 THAT ARE THE RESPONSIBILITY OF THE HOMEOWNERS ASSOCIATION TO REPAIR
11 AND REPLACE;

12 (2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH
13 IDENTIFIED COMPONENT;

14 (3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF
15 EACH IDENTIFIED COMPONENT; AND

16 (4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY
17 TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.

18 (B) (1) THIS SECTION APPLIES ONLY TO A HOMEOWNERS ASSOCIATION
19 THAT:

20 (I) HAS MORE THAN 20 DWELLING UNITS IN THE
21 DEVELOPMENT; AND

22 (II) HAS RESPONSIBILITY UNDER ITS DECLARATION FOR
23 MAINTAINING AND REPAIRING COMMON AREAS.

24 (2) THIS SECTION DOES NOT APPLY TO A HOMEOWNERS ASSOCIATION
25 THAT ISSUES BONDS FOR THE PURPOSE OF MEETING CAPITAL EXPENDITURES.

26 (C) (1) THIS SUBSECTION APPLIES TO A HOMEOWNERS ASSOCIATION
27 ESTABLISHED ON OR AFTER OCTOBER 1, 2019.

28 (2) THE GOVERNING BODY OF THE HOMEOWNERS ASSOCIATION
29 SHALL HAVE AN INDEPENDENT RESERVE STUDY COMPLETED NOT MORE THAN 90
30 CALENDAR DAYS AND NOT LESS THAN 30 CALENDAR DAYS BEFORE THE MEETING OF
31 THE HOMEOWNERS ASSOCIATION REQUIRED UNDER § 11B-106.1(A) OF THIS TITLE.

1 **(3) THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**
2 **COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY**
3 **CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION, AND AT LEAST EVERY 5**
4 **YEARS THEREAFTER.**

5 **(D) (1) THIS SUBSECTION APPLIES TO A HOMEOWNERS ASSOCIATION**
6 **ESTABLISHED BEFORE OCTOBER 1, 2019.**

7 **(2) IF THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION HAS**
8 **HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2015, THE**
9 **GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5 YEARS**
10 **AFTER THE DATE OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS**
11 **THEREAFTER.**

12 **(3) IF THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION HAS**
13 **NOT HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2015, THE**
14 **GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED ON OR BEFORE**
15 **OCTOBER 1, 2020, AND AT LEAST EVERY 5 YEARS THEREAFTER.**

16 **(E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:**

17 **(1) INCLUDE A STATEMENT OF THE QUALIFICATIONS OF THE PERSON**
18 **WHO PREPARED THE RESERVE STUDY;**

19 **(2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY LOT**
20 **OWNER;**

21 **(3) BE REVIEWED BY THE GOVERNING BODY OF THE HOMEOWNERS**
22 **ASSOCIATION IN CONNECTION WITH THE PREPARATION OF THE ANNUAL PROPOSED**
23 **BUDGET; AND**

24 **(4) BE SUMMARIZED FOR SUBMISSION WITH THE ANNUAL PROPOSED**
25 **BUDGET TO THE LOT OWNERS.**

26 11B-117.

27 **(a) (1) As provided in the declaration, a lot owner shall be liable for all**
28 **homeowners association assessments and charges that come due during the time that the**
29 **lot owner owns the lot.**

30 **(2) THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION HAS**
31 **THE AUTHORITY TO INCREASE AN ASSESSMENT LEVIED TO COVER THE RESERVE**
32 **FUNDING AMOUNT REQUIRED UNDER § 11B-112.3 OF THIS TITLE,**
33 **NOTWITHSTANDING ANY PROVISION OF THE DECLARATION, ARTICLES OF**

1 **INCORPORATION, OR BYLAWS RESTRICTING ASSESSMENT INCREASES OR CAPPING**
2 **THE ASSESSMENT THAT MAY BE LEVIED IN A FISCAL YEAR.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2019.