



HOMEOWNERS
OF AMERICA
UNITED

February 07, 2025

My name is Steve Horvath. *Homeowners of America (HOA) United* is a nonprofit organization funded entirely by member donations that connects homeowners to provide advocacy, collaboration, education, empowerment, and inspiration to create positive, transformative impacts for common interest communities. A number of our members are Maryland COC homeowners.

Thank you for considering testimony from *HOA United*.

Sincerely,

Steve Horvath
Co-Founder, HOA United

Testimony for [HB615](#)

Condominiums and HOAs - Clarification for Approved Budget Notices

HOA United recommends that COCs provide formal notice of proposed budgets and adopted budgets with a complete package of information. Shared fiscal obligations are the nexus of COCs. Newsletters are not appropriate vehicles to disseminate budget information. Furthermore, Maryland can and should prescribe more rigorous budget requirements.

CURRENT MARYLAND LAW EXAMPLE: [§ 11-109.2](#)

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

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

- (1) *Income;*
- (2) *Administration;*
- (3) *Maintenance;*
- (4) *Utilities;*
- (5) *General expenses;*
- (6) *Reserves; and*
- (7) *Capital items.*

EXAMPLE LANGUAGE MODELED ON UCIOA and Washington State

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

(b) *The proposed budget must include:*

- (i) *The projected income to the association by category;*
- (ii) *The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category;*
- (iii) *The amount of the assessments per unit, the amount those assessments have increased or decreased expressed on an aggregate percentage and per-unit basis from the most recently ratified budget, and the date the assessments are due;*
- (iv) *The current amount of regular assessments budgeted for contribution to the reserve account;*
- (v) *A statement of whether the association has a reserve study that meets the requirements of this chapter and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and*
- (vi) *The current deficiency or surplus in reserve funding expressed on a per unit basis.*

(2) (i) *The council of unit owners or other governing body of unit owners shall submit the adopted annual budget to the unit owners not more than 30 days after the meeting at which the budget was adopted.*

- (ii) *The adopted annual budget ~~may~~ must be ~~submitted~~ provided to each unit owner by electronic transmission, by posting on the condominium association's home page, or by **first class mail**. ~~inclusion in the homeowners association's newsletter.~~*
-

Testimony for [HB558](#)

Common Ownership Communities - Local Commissions

HOA United recommends a favorable report on this bill. Local commissions such as those in Montgomery and Prince George's counties have proven to be successful vehicles to provide information and resources to COC owners and their condos and HOAs.

Testimony for [HB363](#)

Common Ownership Communities - Candidate or Proposition Signs Display Period

HOA United recommends a favorable report with an amendment to simplify the language of current state law and as proposed in this bill to allow signs for candidates and political purposes to be subject to reasonable restrictions on manner and placement **without regard for time**. If the legislature desires to further regulate the timing of political signs, please create a more reasonable window than 30 days before the start of voting or election day.

EXAMPLE LANGUAGE FROM WASHINGTON STATE

An association may not prohibit display of signs, including outdoor signs, regarding candidates for public or association office, or ballot issues, on or within a unit or limited common element, but an association may adopt reasonable rules pertaining to the placement and manner of those displays.

Testimony for [HB449](#)

Condominiums - Property Insurance Deductibles - Unit Owner Responsibility

HOA United recommends a favorable report with an amendment. Condominium and HOA law in multiple states has created a bizarre scenario where every owner insures the liability of individual units in excess of the master deductible and requires that associations (unit owners) play insurance whack-a-mole based on owner negligence and gross negligence. Here are some examples:

- A unit owner hangs clothes from a sprinkler head

- A unit owner or their plumber creates a water loss while addressing plumbing related to in-unit fixtures such as sinks, toilets and tubs
- A unit's water heater fails
- A unit's water mattress fails
- A unit's condensate pump is not properly connected to the drain line
- A unit's washing machine discharge hose is not properly connected to the drain line

CURRENT MARYLAND LAW EXAMPLE: [§ 11-114](#)

(2) (i) 1. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

2. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds.

(ii) If the cause of any damage to or destruction of any portion of the condominium originates from the common elements or an event outside of the condominium units and common elements, the council of unit owners' property insurance deductible is a common expense.

(iii) 1. If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the owner of the unit where the cause of the damage or destruction originated is responsible for the council of unit owners' property insurance deductible not to exceed \$10,000.

2. The council of unit owners shall inform each unit owner annually in writing of:

A. The unit owner's responsibility for the council of unit owners' property insurance deductible; and

B. The amount of the deductible.

3. The council of unit owners' property insurance deductible amount exceeding the \$10,000 responsibility of the unit owner is a common expense.

EXAMPLE LANGUAGE MODELED ON UCIOA

(1) Notwithstanding the governing documents, the association may uniformly, and under the same or similar circumstances, assess exclusively against a unit owner's unit common expenses, including expenses relating to damage to or loss of property, caused by the:

(a) Willful misconduct or gross negligence of the unit owner or the unit owner's tenant, guest, invitee, or occupant;

(b) Failure of the unit owner to comply with a maintenance standard prescribed by the declaration or a rule, if the standard contains a statement that an owner may be liable for damage or loss caused by failure to comply with the standard; or

(c) unit owner or the unit owner's tenant, guest, invitee, occupant (and their animals and pets), or from any vehicle, equipment, appliance or fixture (or wiring or pipes related thereto) within the Unit or belonging to any of the same, if:

(i) the declaration contains a statement that an owner may be liable for damage or loss; or

(ii) notwithstanding the declaration, the association may by rule designate liability for damage and loss

(2) Before an association makes an assessment under subsection (6) of this section, the association must give notice to the unit owner and provide an opportunity for a hearing. The assessment is limited to the lesser of \$250,000 or the expense the association incurred under subsection (6) of this section less any insured proceeds received by the association. An association has the right, but not the obligation to file a claim related to losses for which it makes an assessment under subsection (6) of this section.

(3) (a) Except where subsections (1) and (2) of this section apply, in the event of loss or damage to one or more units that would be covered by the association's property insurance policy, and excluding policies that have deductibles exceeding \$250,000, and if the declaration so provides, the association may exclusively assess its actual costs for providing goods and services to repair and replace damage and destruction associated with such loss against each unit damaged or destroyed in proportion to the benefit to such unit and up to the deductible applicable to the loss on a per-unit basis. This subsection does not prevent a unit owner or a unit owner's insurance provider from asserting or subrogating a claim against another person for the amount assessed if that other person would be liable for the damages under general legal principles.

(b) Except where subsections (1) and (2) of this section apply, the association shall pay for the costs of repair and replacement of the common elements as a common expense.

(c) Notwithstanding any other provision of this Act and the governing documents, if damage is inflicted on the common elements or on any unit by an action of the association or its agents, the association shall pay for the costs of repair and replacement as a Common Expense.