
By: **Delegate Petzold**
Introduced and read first time: February 12, 1999
Assigned to: Economic Matters

Committee Report: Favorable
House action: Adopted
Read second time: March 26, 1999

CHAPTER _____

1 AN ACT concerning

2 **Homeowners Associations - Family Day Care Homes**

3 FOR the purpose of prohibiting a homeowners association from prohibiting the use of
4 a residence as a family day care home until the lot owners, other than the
5 developer, have a certain percentage of the votes in the homeowners association;
6 specifying that the approval of certain provisions expressly prohibiting the use
7 of a residence as a family day care home or no-impact home-based business by
8 a simple majority of the total eligible voters does not include the developer;
9 repealing a provision of law that regulates a certain number of family day care
10 homes operating in the homeowners association; and generally relating to
11 family day care homes and homeowners associations.

12 BY repealing and reenacting, with amendments,
13 Article - Real Property
14 Section 11B-111.1
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 1998 Supplement)

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

19 **Article - Real Property**

20 11B-111.1.

21 (a) (1) In this section, the following words have the meanings indicated.

1 (2) "Day care provider" means the adult who has primary responsibility
2 for the operation of a family day care home.

3 (3) "Family day care home" means a unit registered under Title 5,
4 Subtitle 5 of the Family Law Article.

5 (4) "No-impact home-based business" means a business that:

6 (i) Is consistent with the residential character of the dwelling unit;

7 (ii) Is subordinate to the use of the dwelling unit for residential
8 purposes and requires no external modifications that detract from the residential
9 appearance of the dwelling unit;

10 (iii) Uses no equipment or process that creates noise, vibration,
11 glare, fumes, odors, or electrical or electronic interference detectable by neighbors or
12 that causes an increase of common expenses that can be solely and directly
13 attributable to a no-impact home-based business; and

14 (iv) Does not involve use, storage, or disposal of any grouping or
15 classification of materials that the United States Secretary of Transportation or the
16 State or any local governing body designates as a hazardous material.

17 (b) (1) The provisions of this section relating to family day care homes do not
18 apply to a homeowners association that is limited to housing for older persons, as
19 defined under the federal Fair Housing Act.

20 (2) The provisions of this section relating to no-impact home-based
21 businesses do not apply to a homeowners association that has adopted, prior to July 1,
22 1999, procedures in accordance with its covenants, declaration, or bylaws for the
23 prohibition or regulation of no-impact home-based businesses.

24 (c) (1) Subject to the provisions of subsections (d) and (e)(1) of this section, a
25 recorded covenant or restriction, a provision in a declaration, or a provision of the
26 bylaws or rules of a homeowners association that prohibits or restricts commercial or
27 business activity in general, but does not expressly apply to family day care homes or
28 no-impact home-based businesses, may not be construed to prohibit or restrict:

29 (i) The establishment and operation of family day care homes or
30 no-impact home-based businesses; or

31 (ii) Use of the roads, sidewalks, and other common areas of the
32 homeowners association by users of the family day care home.

33 (2) Subject to the provisions of subsections (d) and (e)(1) of this section,
34 the operation of a family day care home or no-impact home-based business shall be:

35 (i) Considered a residential activity; and

36 (ii) A permitted activity.

1 (d) (1) (i) [Subject] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF
2 THIS PARAGRAPH AND SUBJECT to the provisions of paragraphs (2) and (3) of this
3 subsection, a homeowners association may include in its declaration, bylaws, or
4 recorded covenants and restrictions a provision expressly prohibiting the use of a
5 residence as a family day care home or no-impact home-based business.

6 (II) A HOMEOWNERS ASSOCIATION MAY NOT INCLUDE A
7 PROVISION DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH EXPRESSLY
8 PROHIBITING THE USE OF A RESIDENCE AS A FAMILY DAY CARE HOME IN ITS
9 DECLARATION, BYLAWS, OR RECORDED COVENANTS AND RESTRICTIONS UNTIL THE
10 LOT OWNERS, OTHER THAN THE DEVELOPER, HAVE 90% OF THE VOTES IN THE
11 HOMEOWNERS ASSOCIATION.

12 [(ii)] (III) A provision described under subparagraph (i) of this
13 paragraph expressly prohibiting the use of a residence as a family day care home or
14 no-impact home-based business shall apply to an existing family day care home or
15 no-impact home-based business in the homeowners association.

16 (2) A provision described under paragraph (1)(i) of this subsection
17 expressly prohibiting the use of a residence as a family day care home or no-impact
18 home-based business may not be enforced unless it is approved by a simple majority
19 of the total eligible voters of the homeowners association, NOT INCLUDING THE
20 DEVELOPER, under the voting procedures contained in the declaration or bylaws of
21 the homeowners association.

22 (3) If a homeowners association includes in its declaration, bylaws, or
23 recorded covenants and restrictions a provision prohibiting the use of a residence as a
24 family day care home or no-impact home-based business, it shall also include a
25 provision stating that the prohibition may be eliminated and family day care homes
26 or no-impact home-based businesses may be approved by a simple majority of the
27 total eligible voters of the homeowners association under the voting procedures
28 contained in the declaration or bylaws of the homeowners association.

29 (4) If a homeowners association includes in its declaration, bylaws, or
30 recorded covenants and restrictions a provision expressly prohibiting the use of a
31 residence as a family day care home or no-impact home-based business, the
32 prohibition may be eliminated and family day care or no-impact home-based
33 business activities may be permitted by the approval of a simple majority of the total
34 eligible voters of the homeowners association under the voting procedures contained
35 in the declaration or bylaws of the homeowners association.

36 (e) A homeowners association may include in its declaration, bylaws, rules, or
37 recorded covenants and restrictions a provision that:

38 (1) [Regulates the number or percentage of family day care homes
39 operating in the homeowners association, provided that the percentage of family day
40 care homes permitted may not be less than 7.5 percent of the total residences of the
41 homeowners association;

1 (2)] Requires day care providers to pay on a pro rata basis based on the
2 total number of family day care homes operating in the homeowners association any
3 increase in insurance costs of the homeowners association that are solely and directly
4 attributable to the operation of family day care homes in the homeowners association;
5 and

6 [(3)] (2) Imposes a fee for use of common areas in a reasonable amount
7 not to exceed \$50 per year on each family day care home or no-impact home-based
8 business which is registered and operating in the homeowners association.

9 (f) (1) If the homeowners association regulates the number or percentage of
10 family day care homes under subsection (e)(1) of this section, in order to assure
11 compliance with this regulation, the homeowners association may require residents to
12 notify the homeowners association before opening a family day care home.

13 (2) The homeowners association may require residents to notify the
14 homeowners association before opening a no-impact home-based business.

15 (g) (1) A day care provider in a homeowners association:

16 (i) Shall obtain the liability insurance described under §§ 19-106
17 and 19-202 of the Insurance Article in at least the minimum amount described under
18 that statute; and

19 (ii) May not operate without the liability insurance described under
20 item (i) of this paragraph.

21 (2) A homeowners association may not require a day care provider to
22 obtain insurance in an amount greater than the minimum amount required under
23 paragraph (1) of this subsection.

24 (h) A homeowners association may restrict or prohibit a no-impact
25 home-based business in any common areas.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 1999.