
By: **Delegates Pendergrass, Quinter, F. Turner, and Bobo**

Introduced and read first time: February 3, 2005

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners Associations - Annual Charges**

3 FOR the purpose of requiring a homeowners association of a certain development to
4 reduce in a certain manner the annual charge on property the value of which
5 has been reduced by the State or county assessments office under certain
6 circumstances; and generally relating to annual charges imposed by
7 homeowners associations.

8 BY repealing and reenacting, with amendments,
9 Article - Real Property
10 Section 11B-113.4
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2004 Supplement)

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

15 **Article - Real Property**

16 11B-113.4.

17 (a) It is the intent of the General Assembly to prevent unfair treatment of
18 property owners by a homeowners association when annual charges based on the
19 assessed value of property imposed by the homeowners association increase at such a
20 rate that it creates an unexpected windfall for the homeowners association.

21 (b) In this section, the term "annual charge" means a charge based on the
22 current assessed value of property for county and state property taxes that is levied
23 by a homeowners association on property in a development.

24 (c) This section only applies to a development that:

25 (1) Contains at least 13,000 acres of land and has a population of at least
26 80,000; and

1 (2) Is governed by a homeowners association that levies an annual
2 charge on property within the development.

3 (d) (1) A homeowners association shall base the annual charge for the
4 revalued properties on the phased in value of property as provided under § 8-103 of
5 the Tax - Property Article.

6 (2) **IF THE VALUE OF A PROPERTY HAS BEEN REDUCED BY THE STATE
7 OR COUNTY ASSESSMENTS OFFICE AFTER, OR BY REASON OF, A PROTEST, APPEAL,
8 CREDIT, OR OTHER ADJUSTMENT, THE HOMEOWNERS ASSOCIATION SHALL REDUCE
9 THE ANNUAL CHARGE ON THE PROPERTY BASED ON THE REDUCED VALUE.**

10 (e) Until the annual charge for the revalued property is based on the phased
11 in value of property as required under subsection (d) of this section, if the value of the
12 properties revalued as of the most recent date of finality as provided in § 8-104 of the
13 Tax - Property Article exceeds the prior valuation by more than 10%:

14 (1) The increase shall be considered an unexpected windfall to the
15 homeowners association that should be offset; and

16 (2) Beginning with the first year following the revaluation of the
17 property for State property tax purposes, the homeowners association shall provide to
18 the owner of the revalued property a rebate or credit in an amount equal to the
19 portion of the annual charge that is attributable to the growth in the value of the
20 revalued property in excess of 10%.

21 (f) Subsections (d) and (e) of this section do not apply if a governing body
22 certifies on or before April 1 in the first year following the revaluation of property
23 values for State property tax purposes that the revenues from the annual charges are
24 insufficient to meet the debt service requirements during the next taxable year on all
25 bonds that the governing body anticipates will be outstanding during that year.

26 (g) Notwithstanding any provision of the law to the contrary, when calculating
27 an annual charge, a homeowners association may not consider the rate of assessed
28 value of property to have increased by more than 10% in a taxable year.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 June 1, 2005.