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

Introduced and read first time: February 3, 2005

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2005

CHAPTER_____

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 certain property the value of
5 which 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.

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

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

5 (1) Contains at least 13,000 acres of land and has a population of at least
6 80,000; and

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

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

12 (2) IF THE VALUE OF A AN IMPROVED PROPERTY HAS BEEN REDUCED
13 BY THE STATE OR COUNTY ASSESSMENTS OFFICE AFTER, OR BY REASON OF, A
14 PROTEST, APPEAL, CREDIT, OR OTHER ADJUSTMENT, THE HOMEOWNERS
15 ASSOCIATION SHALL REDUCE THE ANNUAL CHARGE ON THE PROPERTY BASED ON
16 THE REDUCED VALUE.

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

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

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

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

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

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

