

HOUSE BILL 988

N1

8lr2358

By: **Delegates McConkey, Beidle, Hucker, and Stein**

Introduced and read first time: February 7, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Common Ownership Communities – Obligation, Allocation, or Expenditure –**
3 **Required Approval**

4 FOR the purpose of requiring a certain obligation, allocation, or expenditure that
5 exceeds a certain amount to be approved by a certain majority of the members
6 of a cooperative housing corporation, a certain majority of unit owners of a
7 condominium voting at a certain meeting, or a certain majority of the lot owners
8 of a homeowners association under certain procedures; and generally relating to
9 required approval of a certain obligation, allocation, or expenditure by a
10 cooperative housing corporation, a condominium, or a homeowners association.

11 BY adding to
12 Article – Corporations and Associations
13 Section 5–6B–18.6
14 Annotated Code of Maryland
15 (2007 Replacement Volume)

16 BY repealing and reenacting, with amendments,
17 Article – Real Property
18 Section 11–109.2
19 Annotated Code of Maryland
20 (2003 Replacement Volume and 2007 Supplement)

21 BY adding to
22 Article – Real Property
23 Section 11B–111.6
24 Annotated Code of Maryland
25 (2003 Replacement Volume and 2007 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Corporations and Associations**

2 **5–6B–18.6.**

3 **A FINANCIAL OBLIGATION, THE ALLOCATION OF A YEAR-END OPERATING**
4 **SURPLUS, OR A TOTAL EXPENDITURE FOR AN ENTIRE CAPITAL PROJECT THAT**
5 **EXCEEDS 5% OF THE OPERATING BUDGET SHALL BE APPROVED BY A SIMPLE**
6 **MAJORITY OF THE MEMBERS OF THE COOPERATIVE HOUSING CORPORATION**
7 **UNDER THE VOTING PROCEDURES CONTAINED IN THE ARTICLES OF**
8 **INCORPORATION OR BYLAWS OF THE CORPORATION THAT ARE USED TO ELECT**
9 **THE GOVERNING BODY.**

10 **Article – Real Property**

11 11–109.2.

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

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

- 15 (1) Income;
- 16 (2) Administration;
- 17 (3) Maintenance;
- 18 (4) Utilities;
- 19 (5) General expenses;
- 20 (6) Reserves; and
- 21 (7) Capital items.

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

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

1 (e) **A FINANCIAL OBLIGATION, THE ALLOCATION OF A YEAR-END**
2 **OPERATING SURPLUS, OR A TOTAL EXPENDITURE FOR AN ENTIRE CAPITAL**
3 **PROJECT THAT EXCEEDS 5% OF THE OPERATING BUDGET SHALL BE APPROVED**
4 **BY A SIMPLE MAJORITY OF THE UNIT OWNERS OF THE CONDOMINIUM AT A**
5 **MEETING OF THE COUNCIL OF UNIT OWNERS UNDER THE VOTING PROCEDURES**
6 **THAT ARE USED TO ELECT THE GOVERNING BODY.**

7 (F) The adoption of a budget shall not impair the authority of the council of
8 unit owners to obligate the council of unit owners for expenditures for any purpose
9 consistent with any provision of this title.

10 [(f)] (G) The provisions of this section do not apply to a condominium that
11 is occupied and used solely for nonresidential purposes.

12 **11B-111.6.**

13 **A FINANCIAL OBLIGATION, THE ALLOCATION OF A YEAR-END OPERATING**
14 **SURPLUS, OR A TOTAL EXPENDITURE FOR AN ENTIRE CAPITAL PROJECT THAT**
15 **EXCEEDS 5% OF THE OPERATING BUDGET SHALL BE APPROVED BY A SIMPLE**
16 **MAJORITY OF THE LOT OWNERS OF THE HOMEOWNERS ASSOCIATION AT AN**
17 **ANNUAL OR SPECIAL MEETING OF THE HOMEOWNERS ASSOCIATION UNDER THE**
18 **VOTING PROCEDURES CONTAINED IN THE DECLARATION OR BYLAWS OF THE**
19 **HOMEOWNERS ASSOCIATION THAT ARE USED TO ELECT THE GOVERNING BODY.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2008.