

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 416

(Senator Lenett, *et al.*)

Judicial Proceedings

Environmental Matters

Homeowners Association - Annual Budget - Notice, Information, and Adoption

This bill requires the board of directors or other governing body of a homeowners association to (1) prepare and submit an annual budget containing specified expenditures to lot owners at least 30 days prior to its adoption; and (2) provide notice to each lot owner of the meeting at which the proposed budget will be considered. The budget may be submitted electronically or by posting on the homeowner association web page, as specified. The budget must be adopted at an open meeting of the homeowners association or other governing body that prepares and adopts the budget. Any expenditure for more than 15% of the previously adopted budgeted amount that is not made to prevent a health or safety risk to lot owners, or to prevent significant damage to the development, must be approved by a budget amendment at a special meeting of the lot owners.

The bill applies only to a homeowners association that has responsibility for maintaining and repairing common areas.

Fiscal Summary

State Effect: If the Consumer Protection Division of the Office of the Attorney General receives fewer than 50 complaints per year stemming from the bill, the additional workload can be handled with existing resources. No effect on revenues.

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: None.

Analysis

Current Law: The Maryland Homeowners Association Act requires that all members of the homeowners association be given reasonable notice of all regularly scheduled open meetings. Generally, the governing body of the homeowners association must provide a designated period of time for homeowners to comment on any matter related to the homeowners association. At least one meeting annually must be an open meeting for any homeowners association matter. A homeowners association meeting may be closed only for specified purposes.

Background: This bill is similar to provisions of the Maryland Condominium Act which require a condominium's council of unit owners to prepare and submit an annual proposed budget to unit owners at least 30 days before adoption of the budget. A condominium's annual budget must provide for reserves and capital items among the expenses of the condominium. The budget must be adopted at an open meeting of the council of unit owners, or any other body which has been granted the authority to prepare and adopt the budget. Any expenditure for more than 15% of the previously adopted budgeted amount that is not made to prevent a health or safety risk to unit owners, or to prevent significant damage to the condominium, must be approved by a budget amendment at a special meeting of the council of unit owners.

Additional Information

Prior Introductions: None.

Cross File: Although not designated as a cross file, HB 695 (Delegate Hecht – Environmental Matters) is identical.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2010
mpc/kdm Revised - Senate Third Reader - March 29, 2010
Revised - Enrolled Bill - May 26, 2010

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