

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 75 (Senator Kelley)
Judicial Proceedings

Condominiums and Homeowners Associations - Sales Contracts - Notice of
Potential Special Assessments

This bill requires that the disclosure documents needed for the resale of a unit in a condominium by an owner other than the developer and the initial sale or resale of a lot in a homeowners association (HOA) include notice of any potential special assessment referenced within the preceding 12 months in (1) the agenda or minutes of any meeting of the governing body; (2) a vote at a meeting of the governing body; or (3) any written document distributed to unit or lot owners by the governing body or any management company retained by the governing body.

The bill applies only prospectively and has no application to any contract for the sale of a unit in a condominium or a lot in a development subject to an HOA that is entered into before October 1, 2012.

Fiscal Summary

State Effect: The bill does not directly affect State governmental operations or finances.

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

Small Business Effect: Minimal.

Analysis

Current Law:

Condominiums: A contract for the resale of a unit in a condominium by an owner other than the developer is not enforceable unless the owner gives the purchaser specified information, including a copy of the declaration, the bylaws, and the rules or regulations

of the condominium. The seller must provide this information no later than 15 days prior to closing. The documents the seller must provide to the purchaser vary depending on whether the condominium contains fewer than seven units or contains seven or more units. If the condominium contains seven or more units, the seller must provide a statement of any capital expenditures approved by the council of unit owners planned at the time of the conveyance not otherwise disclosed in the operating budget.

Homeowners Associations: For the initial sale of a lot in a development containing more than 12 lots, the seller must provide the purchaser with specified disclosure documents within seven calendar days of entering into the contract. For the initial sale of a lot within a development containing 12 or fewer lots, or for the resale of a lot within a development of any size, the seller must provide the purchaser with specified disclosure documents within 20 days of entering into the contract. Among these disclosures, the seller must include information regarding the current monthly fees or assessments, the total amount of fees, assessments, and other charges imposed upon the lot in the prior fiscal year, and a statement of whether any of the fees, assessments, or other charges against the lot are delinquent.

Background: The Secretary of State reports that 2,544 total condominiums are registered in Maryland. The office estimates that approximately 2,000 of these registrations are active. There is currently no State office which tracks the number of HOAs in Maryland.

Additional Information

Prior Introductions: None.

Cross File: HB 262 (Delegate Beidle, *et al.*) - Environmental Matters.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Secretary of State, Maryland Court of Appeals, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2012
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