

SENATE BILL 573

N1

4lr1148

By: **Senator Frosh**

Introduced and read first time: January 30, 2014

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Condominiums – Appointment of Receiver**

3 FOR the purpose of altering the circumstances under which certain condominium unit
4 owners may file a petition for appointment of a receiver; repealing a certain
5 condition on the authority to proceed with a certain petition; altering the time
6 until which a receiver shall serve; and generally relating to the appointment of
7 a receiver to manage the affairs of a condominium.

8 BY repealing and reenacting, with amendments,
9 Article – Real Property
10 Section 11–109.3
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 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 11–109.3.

17 (a) [If the council of unit owners fails to fill vacancies on the board of
18 directors sufficient to constitute a quorum in accordance with the bylaws, three]
19 **THREE** or more unit owners may petition the circuit court for the county where the
20 condominium is located to appoint a receiver to manage the affairs of the [council of
21 unit owners] **CONDOMINIUM IF:**

22 **(1) THE COUNCIL OF UNIT OWNERS FAILS TO FILL VACANCIES ON**
23 **THE BOARD OF DIRECTORS SUFFICIENT TO CONSTITUTE A QUORUM IN**
24 **ACCORDANCE WITH THE BYLAWS;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) THE DIRECTORS ARE SO DIVIDED RESPECTING THE**
2 **MANAGEMENT OF THE CONDOMINIUM THAT THE VOTES REQUIRED FOR ACTION**
3 **BY THE BOARD OF DIRECTORS CANNOT BE OBTAINED;**

4 **(3) THE ACTS OF THE DIRECTORS OR OF THOSE IN CONTROL OF**
5 **THE CONDOMINIUM ARE ILLEGAL, OPPRESSIVE, OR FRAUDULENT;**

6 **(4) THE CONDOMINIUM IS UNABLE TO MEET ITS DEBTS AS THEY**
7 **MATURE IN THE ORDINARY COURSE OF BUSINESS;**

8 **(5) THE BOARD OF DIRECTORS HAS GROSSLY MISMANAGED THE**
9 **AFFAIRS OF THE CONDOMINIUM; OR**

10 **(6) AN ACT OR FAILURE TO ACT BY THE BOARD OF DIRECTORS**
11 **WOULD RESULT IN A SIGNIFICANT RISK OF ALL OR PART OF THE CONDOMINIUM**
12 **BEING DAMAGED, DESTROYED, SIGNIFICANTLY DIMINISHED IN VALUE, OR**
13 **FORECLOSED.**

14 (b) (1) At least 30 days before petitioning the circuit court, the unit
15 owners acting under the authority granted by subsection (a) of this section shall mail
16 to the council of unit owners a notice describing the petition and the proposed action.

17 (2) The unit owners shall post a copy of the notice in a conspicuous
18 place on the condominium property.

19 (c) [If the council of unit owners fails to fill vacancies sufficient to constitute
20 a quorum within the notice period, the unit owners may proceed with the petition.

21 (d)] A receiver appointed by a court under this section may not reside in or
22 own a unit in the condominium governed by the council of unit owners.

23 [(e)] **(D)** (1) A receiver appointed under this section shall have all powers
24 and duties of a duly constituted board of directors.

25 (2) The receiver shall serve until the [council of unit owners fills
26 vacancies on the board of directors sufficient to constitute a quorum] **COURT**
27 **APPOINTS A SUCCESSOR OR TERMINATES THE APPOINTMENT.**

28 [(f)] **(E)** The salary of the receiver, court costs, and reasonable attorney's
29 fees are common expenses.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2014.