

HOUSE BILL 997

N1

8lr2862

By: **Delegate Cullison**

Introduced and read first time: February 7, 2018

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums – Transfer of Control – Common Element Reserves**

3 FOR the purpose of requiring, on the transfer of control of a condominium, the documents
4 turned over by the developer to the council of unit owners to include any reserve
5 account records and a certain report describing the reserves required for major
6 repairs and replacement of the common elements; requiring, on the transfer of
7 control of a condominium created by the conversion of residential rental property,
8 the developer to turn over a reserve account containing certain funds; and generally
9 relating to the transfer of control of condominiums and reserves for common
10 elements.

11 BY repealing and reenacting, with amendments,
12 Article – Real Property
13 Section 11–132
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2017 Supplement)

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

18 **Article – Real Property**

19 11–132.

20 **(A)** On transfer of control by the developer to the council of unit owners, the
21 developer shall turn over documents including:

22 (1) Copies of the condominium’s filed articles of incorporation, recorded
23 declaration, and all recorded covenants, bylaws, plats, and restrictions of the condominium;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) Subject to the restrictions of § 11–116 of this title, all books and records
2 of the condominium, including financial statements, minutes of any meeting of the
3 governing body, and completed business transactions;

4 (3) Any policies, rules, and regulations adopted by the governing body;

5 (4) The financial records of the condominium from the date of creation to
6 the date of transfer of control, including budget information regarding estimated and actual
7 expenditures by the condominium and any **RESERVE ACCOUNT RECORDS**;

8 **(5) A CURRENT RESERVE STUDY report [relating to]:**

9 **(I) DESCRIBING** the reserves required for major repairs and
10 replacement of the common elements of the condominium;

11 **(II) PREPARED BY A CERTIFIED ENGINEER; AND**

12 **(III) COMPLETED WITHIN 5 YEARS BEFORE THE DATE OF**
13 **TRANSFER OF CONTROL;**

14 **[(5)] (6)** A copy of all contracts to which the condominium is a party;

15 **[(6)] (7)** The name, address, and telephone number of any contractor or
16 subcontractor employed by the condominium;

17 **[(7)] (8)** Any insurance policies in effect and all prior insurance policies;

18 **[(8)] (9)** Any permit or notice of code violation issued to the condominium
19 by the county, local, State, or federal government;

20 **[(9)] (10)** Any warranty in effect;

21 **[(10)] (11)** Drawings, architectural plans, or other suitable documents
22 setting forth the necessary information for location, maintenance, and repair of all
23 condominium facilities; and

24 **[(11)] (12)** Individual owner files and records, including assessment account
25 records, correspondence, and notices of any violations.

26 **(B) ON TRANSFER OF CONTROL OF A CONDOMINIUM CREATED BY THE**
27 **CONVERSION OF RESIDENTIAL RENTAL PROPERTY, IN ADDITION TO THE**
28 **DOCUMENTS REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE DEVELOPER**
29 **SHALL TURN OVER TO THE COUNCIL OF UNIT OWNERS A RESERVE ACCOUNT**
30 **CONTAINING FUNDS EQUAL TO AT LEAST FIVE TIMES THE ANNUAL FUNDING**
31 **AMOUNT RECOMMENDED IN THE CURRENT RESERVE STUDY REPORT.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2018.