

SENATE BILL 745

N1

9lr2264

By: **Senator Lam**

Introduced and read first time: February 4, 2019

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners Associations – Adopted Annual Budget – Submission to Lot**
3 **Owners**

4 FOR the purpose of requiring the board of directors or other governing body of a
5 homeowners association to submit the adopted annual budget to the lot owners by a
6 certain day; authorizing the adopted annual budget to be sent to each lot owner by
7 certain methods; making a stylistic change; and generally relating to the adopted
8 annual budget of a homeowners association.

9 BY repealing and reenacting, with amendments,
10 Article – Real Property
11 Section 11B–112.2
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2018 Supplement)

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

16 **Article – Real Property**

17 11B–112.2.

18 (a) This section applies only to a homeowners association that has responsibility
19 under its declaration for maintaining and repairing common areas.

20 (b) (1) The board of directors or other governing body of a homeowners
21 association shall cause to be prepared and submitted to the lot owners an annual proposed
22 budget at least 30 days before its adoption.

23 (2) The annual proposed budget may be sent to each lot owner by electronic
24 transmission, by posting on the homeowners association’s home page, or by inclusion in the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 homeowners association's newsletter.

2 (c) The annual budget shall provide information on or expenditures for at least
3 the following items:

4 (1) Income;

5 (2) Administration;

6 (3) Maintenance;

7 (4) Utilities;

8 (5) General expenses;

9 (6) Reserves; and

10 (7) Capital expenses.

11 (d) (1) The budget shall be adopted at an open meeting of the homeowners
12 association or any other body to which the homeowners association delegates
13 responsibilities for preparing and adopting the budget.

14 **(2) (I) THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF**
15 **A HOMEOWNERS ASSOCIATION SHALL SUBMIT THE ADOPTED ANNUAL BUDGET TO**
16 **THE LOT OWNERS NO MORE THAN 30 DAYS AFTER THE MEETING AT WHICH THE**
17 **BUDGET WAS ADOPTED.**

18 **(II) THE ADOPTED ANNUAL BUDGET MAY BE SENT TO EACH LOT**
19 **OWNER BY ELECTRONIC TRANSMISSION, BY POSTING ON THE HOMEOWNERS**
20 **ASSOCIATION'S HOME PAGE, OR BY INCLUSION IN THE HOMEOWNERS**
21 **ASSOCIATION'S NEWSLETTER.**

22 **[(2)] (3)** (i) Notice of the meeting at which the proposed budget will be
23 considered shall be sent to each lot owner.

24 (ii) Notice under subparagraph (i) of this paragraph may be sent by
25 electronic transmission, by posting on the homeowners association's home page, or by
26 including the notice in the homeowners association's newsletter.

27 (e) Except for an expenditure made by the homeowners association because of a
28 condition that, if not corrected, could reasonably result in a threat to the health or safety
29 of the lot owners or a significant risk of damage to the development, any expenditure that
30 would result in an increase in an amount of assessments for the current fiscal year of the
31 homeowners association in excess of 15% of the budgeted amount previously adopted shall
32 be approved by an amendment to the budget adopted at a special meeting for which not

1 less than 10 days' written notice shall be provided to the lot owners.

2 (f) The adoption of a budget does not impair the authority of the homeowners
3 association to obligate the homeowners association for expenditures for any purpose
4 consistent with any provision of this title.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2019.