

SENATE BILL 472

N1
SB 745/19 – JPR

0lr2054

By: **Senator Lam**

Introduced and read first time: January 29, 2020

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2020

CHAPTER _____

1 AN ACT concerning

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

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

12 BY repealing and reenacting, with amendments,
13 Article – Real Property
14 Section 11–109.2 and 11B–112.2
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2019 Supplement)

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

19 **Article – Real Property**

20 11–109.2.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) The council of unit owners shall cause to be prepared and submitted to the
2 unit owners an annual proposed budget at least 30 days before its adoption.

3 (b) The annual budget shall provide for at least 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 items.

11 (c) **(1)** The budget shall be adopted at an open meeting of the council of unit
12 owners or any other body to which the council of unit owners delegates responsibilities for
13 preparing and adopting the budget.

14 **(2) (I)** THE COUNCIL OF UNIT OWNERS OR OTHER GOVERNING
15 BODY OF UNIT OWNERS SHALL SUBMIT THE ADOPTED ANNUAL BUDGET TO THE UNIT
16 OWNERS NOT MORE THAN 30 DAYS AFTER THE MEETING AT WHICH THE BUDGET WAS
17 ADOPTED.

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

22 (d) Any expenditure made other than those made because of conditions which, if
23 not corrected, could reasonably result in a threat to the health or safety of the unit owners
24 or a significant risk of damage to the condominium, that would result in an increase in an
25 amount of assessments for the current fiscal year of the condominium in excess of 15
26 percent of the budgeted amount previously adopted, shall be approved by an amendment
27 to the budget adopted at a special meeting, upon not less than 10 days written notice to the
28 council of unit owners.

29 (e) The adoption of a budget shall not impair the authority of the council of unit
30 owners to obligate the council of unit owners for expenditures for any purpose consistent
31 with any provision of this title.

1 (f) The provisions of this section do not apply to a condominium that is occupied
2 and used solely for nonresidential purposes.

3 11B-112.2.

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

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

9 (2) The annual proposed budget may be sent to each lot owner by electronic
10 transmission, by posting on the homeowners association's home page, or by including the
11 annual proposed budget in the homeowners association's newsletter.

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

14 (1) Income;

15 (2) Administration;

16 (3) Maintenance;

17 (4) Utilities;

18 (5) General expenses;

19 (6) Reserves; and

20 (7) Capital expenses.

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

24 **(2) (I) THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF**
25 **A HOMEOWNERS ASSOCIATION SHALL SUBMIT THE ADOPTED ANNUAL BUDGET TO**
26 **THE LOT OWNERS NOT MORE THAN 30 DAYS AFTER THE MEETING AT WHICH THE**
27 **BUDGET WAS ADOPTED.**

28 **(II) THE ADOPTED ANNUAL BUDGET MAY BE ~~SENT~~ SUBMITTED**
29 **TO EACH LOT OWNER BY ELECTRONIC TRANSMISSION, BY POSTING ON THE**
30 **HOMEOWNERS ASSOCIATION'S HOME PAGE, OR BY INCLUSION IN THE HOMEOWNERS**
31 **ASSOCIATION'S NEWSLETTER.**

1 ~~[(2)]~~ **(3)** (i) Notice of the meeting at which the proposed budget will be
2 considered shall be sent to each lot owner.

3 (ii) Notice under subparagraph (i) of this paragraph may be sent by
4 electronic transmission, by posting on the homeowners association’s home page, or by
5 including the notice in the homeowners association’s newsletter.

6 (e) Except for an expenditure made by the homeowners association because of a
7 condition that, if not corrected, could reasonably result in a threat to the health or safety
8 of the lot owners or a significant risk of damage to the development, any expenditure that
9 would result in an increase in an amount of assessments for the current fiscal year of the
10 homeowners association in excess of 15% of the budgeted amount previously adopted shall
11 be approved by an amendment to the budget adopted at a special meeting for which not
12 less than 10 days’ written notice shall be provided to the lot owners.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.