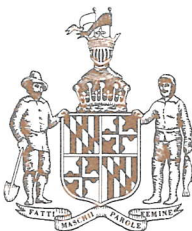


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THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

Senate Bill 464 – Real Property – Condominiums - Assessments

February 6, 2025

Mr. Chairman and Members of the Judicial Proceedings Committee:

Many condominiums in our state have provisions in their by-laws and/or Master Deeds that require the Council of Co-Owners to approve the annual assessment for the Condominium. This means that a vote of all the unit owners must be taken and passed in order to increase an annual assessment.

Unfortunately, many condominium Boards have found themselves in situations where, once they have done an analysis of costs to operate and maintain the Condominium, have found it necessary to increase the assessment but were unable to move forward to collect additional revenues because the unit owners did not approve the proposed assessment. In these instances, the old assessments remain in effect since no new assessment was approved.

When this situation continues for several years, the Board is constrained from achieving its fiduciary duty to provide the maintenance that is required for the community and for maintaining the strength of its financial condition. This puts the entire Condominium in jeopardy when critical maintenance and upkeep cannot be performed.

Senate Bill 464 with amendments will allow condominium Boards, who are encumbered by language in their governing documents to pass a proposed budget, to enact no more than a 5% increase for common expenses (excluding Reserves), even if the Council of Co-Owners does not vote in favor, in order to fulfil the board's fiduciary duty to maintain the community.

Our state's condominium Boards are elected by their Condominium residents and act in good faith to keep the properties safe and functioning for all residents. This legislation will help the Boards in their endeavors, and so I respectfully request a favorable report on Senate Bill 464 with amendments.