

# **SB0464\_Real\_Property\_Conodminium\_Assessments\_MLC\_F**

Uploaded by: Cecilia Plante

Position: FAV



## **TESTIMONY FOR SB0464**

### **Real Property – Condominiums - Assessments**

**Bill Sponsor:** Senator King

**Committee:** Judicial Proceedings

**Organization Submitting:** Maryland Legislative Coalition

**Person Submitting:** Cecilia Plante, co-chair

**Position:** **FAVORABLE**

I am submitting this testimony in strong support of SB0464 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

Maryland needs to produce much more solar energy than it is currently projected to produce in order to meet its statutory greenhouse gas reduction requirements. There are many barriers to installation of solar that must be removed.

One of the most urgent issues facing Marylanders is the high cost of housing. Rental prices are outrageously high as well as the cost of real property. Young Marylanders are living with their parents because they can't afford to rent, much less buy property.

This bill, if enacted, would set a cap on rental price escalation on residential condominiums at 5% over the previous year assessment for common expenses other than reserves. This will ensure that the cost of living is taken into account, without allowing for owners to price gouge. We need to do everything possible to ensure that Marylanders can afford to live in the state.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

## **Letter to Chairman Smith - Support of Bill SB0464.**

Uploaded by: Mike Conroy

Position: FAV



# MONTGOMERY VILLAGE FOUNDATION, INC.

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Senator William C. Smith, Jr., Chairman  
Judicial Proceedings Committee  
2 East Miller Senate Office Building  
Annapolis, MD 21401

Re: **Support of SB0464**  
**Real Property – Condominiums - Assessments**

Dear Chairman Smith and Members of the Committee:

On behalf of the Montgomery Village Foundation, Inc. (MVF) I am writing to express our **support** for the provisions set forth in **SB0464** to extend the authority of a condominium board of directors in setting an annual assessment. Most fundamentally, MVF asks the Committee to recognize the increasingly difficult task of properly managing and caring for communities that volunteer boards of directors face. The ability to set an appropriate and fair annual assessment is a key component of these boards fulfilling their fiduciary duty to the community.

There are many condominiums across the state whose Master Deeds, by-laws, or other governing documents contain provisions requiring a Council of Co-Owners (all unit owners) to approve the annual assessment for the Condominium. Without this vote and passage of a proposed assessment, the previous year's assessment stands. Unfortunately, with the rising costs of materials, labor, and service contracts, limiting an assessment to the same as the previous year also limits the services that a Condominium can provide for its owners. When this trend happens year-over-year, the board of directors is forced to reduce routine maintenance, upkeep, and services to the detriment of the Condominium. As a management agent for several condominiums within our planned community, MVF has experienced this trend first-hand.

Senate Bill 0464 will provide condominium boards who are hampered by the existing governing document provision the ability to pass a proposed assessment increase up to 5% (excluding Reserves)—a nominal amount—even if the Council of Co-Owners does not vote in favor, allowing the board to perform its fiduciary duty to maintain the community they call home.

The volunteer condominium boards are elected by the residents, and act in good faith on behalf of the condominium to maintain safety and property standards. This legislation supports a condominium board's ability to properly set annual assessments to accomplish this goal, and therefore, **MVF supports SB0464.**

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael N. Conroy". The signature is fluid and cursive, with the first name "Michael" and last name "Conroy" being the most prominent parts.

Michael N. Conroy  
Executive Vice President

Cc: MVF Board of Directors  
Christopher Hitchens, MVF General Counsel  
Karen Kodjanian, MVF Assistant Executive Vice President

# **SB464-King-Sponsor Amendment.pdf**

Uploaded by: Senator Nancy King

Position: FWA



**SB0464/943020/1**

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

04 FEB 25  
13:12:43

BY: Senator King

(To be offered in the Judicial Proceedings Committee)

AMENDMENT TO SENATE BILL 464

(First Reading File Bill)

On page 2, in line 5, strike “**INCREASE**” and substitute “**NOTWITHSTANDING ANY PROVISION OF THE DECLARATION, ARTICLES OF INCORPORATION, OR BYLAWS REQUIRING THAT THE COUNCIL OF UNIT OWNERS APPROVE THE AMOUNT OF AN ANNUAL ASSESSMENT, INCREASE**”; in line 8, strike the comma; and strike beginning with “**NOTWITHSTANDING**” in line 8 down through “**ASSESSMENT**” in line 11.

# **SB464-King-Sponsor Testimony.pdf**

Uploaded by: Senator Nancy King

Position: FWA



NANCY J. KING  
*Legislative District 39*  
Montgomery County

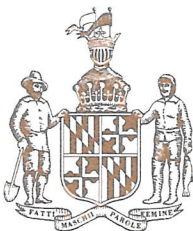
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Majority Leader

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Budget and Taxation Committee

*Chair*  
Education, Business and  
Administration Subcommittee



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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.

# **MBIA Letter of Opposition SB 464.pdf**

Uploaded by: Lori Graf

Position: UNF

February 4, 2025

The Honorable William C. Smith, Jr.  
Chairman, Senate Judicial Proceedings Committee  
2 East Miller Senate Office Building  
Annapolis, MD 21401

**RE: SB 464 Real Property – Condominiums – Assessments**

Dear Chairman Smith:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 464 Real Property – Condominiums – Assessments**.

This bill limits the board of directors of a condominium from increasing the amount of assessments levied in a fiscal year to cover common expenses by more than 5% percent. Our industry does not support this measure, as it limits our flexibility when determining an annual budget. In some cases, the costs associated with upgrades under the Building Energy Performance Standards (BEPS) will exceed the 5% cap on assessment increases.

Section 11-109.2 (e) of the Maryland Code, Real Property (Maryland Condominiums Act) states that “Any expenditure made other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the unit owners or a significant risk of damage to the condominium, that would result in an increase in an amount of assessments for the current fiscal year of the condominium in excess of 15 percent of the budgeted amount previously adopted, shall be approved by an amendment to the budget adopted at a special meeting, upon not less than 10 days written notice to the council of unit owners.” While this is an increase that could occur during a budget cycle as opposed to the next fiscal year, we are confused as to why the State would limit annual assessment increases to 5%, while allowing for a 15% increase mid-budget.

We also believe that developer-controlled boards should be exempt from this legislation. In the early years of a condominium’s existence, developers will control the board of directors until it is passed off to the unit owners. If the 5% cap applies to developer-controlled boards, it could prevent budget adjustments that are necessary for the condominium. If the developer cannot increase assessments properly, unit owners will inherit an underfunded reserve and an operating budget that has severe deficits. The 5% cap on increasing total assessments might also not be enough to cover insurance expenses. Insurance premiums are rising fast, even if there is no claims history. The bill should exempt insurances premiums as well due to these circumstances.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Judicial Proceedings Committee