

Chapter 295

(House Bill 695)

AN ACT concerning

~~Real Property~~ – Homeowners Association – Annual Budget – Notice, Information, and Adoption

FOR the purpose of requiring the board of directors or other governing body of a homeowners association to prepare and submit an annual proposed budget to the lot owners by a certain time period before its adoption; authorizing the annual proposed budget and notice of the meeting at which the proposed budget will be considered to be sent to lot owners by electronic transmission, by posting on the homeowners association's home page, or by including the annual proposed budget or notice in the homeowners association's newsletter; requiring the budget to include certain items; requiring the budget to be adopted at an open meeting of the homeowners association or other body to whom the homeowners association has delegated responsibilities for preparing and adopting a budget; requiring that certain expenditures, under certain conditions, arising after the adoption of the budget that would result in an assessment greater than a certain percent of the budgeted amount, be adopted by a budget amendment at a special meeting of the homeowners association; requiring written notice of the special meeting to be given to the lot owners by a certain time period before the meeting; providing that the adoption of a budget does not impair certain authority of the homeowners association for certain expenditures for certain purposes; providing for the application of this Act; and generally relating to the preparation and adoption of an annual budget by a homeowners association.

BY adding to

Article – Real Property

Section 11B–112.2

Annotated Code of Maryland

(2003 Replacement Volume and 2009 Supplement)

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

Article – Real Property

11B–112.2.

(A) THIS SECTION APPLIES ONLY TO A HOMEOWNERS ASSOCIATION THAT HAS RESPONSIBILITY UNDER ITS DECLARATION FOR MAINTAINING AND REPAIRING COMMON AREAS.

(B) (1) THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF A HOMEOWNERS ASSOCIATION SHALL CAUSE TO BE PREPARED AND SUBMITTED TO THE LOT OWNERS AN ANNUAL PROPOSED BUDGET AT LEAST 30 DAYS BEFORE ITS ADOPTION.

(2) THE ANNUAL PROPOSED BUDGET MAY BE SENT TO EACH LOT OWNER BY ELECTRONIC TRANSMISSION, BY POSTING ON THE HOMEOWNERS ASSOCIATION'S HOME PAGE, OR BY INCLUDING THE ANNUAL PROPOSED BUDGET IN THE HOMEOWNERS ASSOCIATION'S NEWSLETTER.

~~(B)~~ (C) THE ANNUAL BUDGET SHALL PROVIDE INFORMATION ON OR EXPENDITURES FOR AT LEAST THE FOLLOWING ITEMS:

- (1) INCOME;**
- (2) ADMINISTRATION;**
- (3) MAINTENANCE;**
- (4) UTILITIES;**
- (5) GENERAL EXPENSES;**
- (6) RESERVES; AND**
- (7) CAPITAL EXPENSES.**

~~(C)~~ (D) (1) THE BUDGET SHALL BE ADOPTED AT AN OPEN MEETING OF THE HOMEOWNERS ASSOCIATION OR ANY OTHER BODY TO WHICH THE HOMEOWNERS ASSOCIATION DELEGATES RESPONSIBILITIES FOR PREPARING AND ADOPTING THE BUDGET.

(2) (I) NOTICE OF THE MEETING AT WHICH THE PROPOSED BUDGET WILL BE CONSIDERED SHALL BE SENT TO EACH LOT OWNER.

(II) NOTICE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE SENT BY ELECTRONIC TRANSMISSION, BY POSTING ON THE HOMEOWNERS ASSOCIATION'S HOME PAGE, OR BY INCLUDING THE NOTICE IN THE HOMEOWNERS ASSOCIATION'S NEWSLETTER.

~~(D)~~ **(E)** EXCEPT FOR AN EXPENDITURE MADE BY THE HOMEOWNERS ASSOCIATION BECAUSE OF A CONDITION THAT, IF NOT CORRECTED, COULD REASONABLY RESULT IN A THREAT TO THE HEALTH OR SAFETY OF THE LOT OWNERS OR A SIGNIFICANT RISK OF DAMAGE TO THE DEVELOPMENT, ANY EXPENDITURE THAT WOULD RESULT IN AN INCREASE IN AN AMOUNT OF ASSESSMENTS FOR THE CURRENT FISCAL YEAR OF THE HOMEOWNERS ASSOCIATION IN EXCESS OF 15% OF THE BUDGETED AMOUNT PREVIOUSLY ADOPTED SHALL BE APPROVED BY AN AMENDMENT TO THE BUDGET ADOPTED AT A SPECIAL MEETING FOR WHICH NOT LESS THAN 10 DAYS WRITTEN NOTICE SHALL BE PROVIDED TO THE LOT OWNERS.

~~(E)~~ **(F)** THE ADOPTION OF A BUDGET DOES NOT IMPAIR THE AUTHORITY OF THE HOMEOWNERS ASSOCIATION TO OBLIGATE THE HOMEOWNERS ASSOCIATION FOR EXPENDITURES FOR ANY PURPOSE CONSISTENT WITH ANY PROVISION OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

Approved by the Governor, May 4, 2010.