

Index of Maryland Real
Property Title

The Real Property Title has three or more main sections that govern common ownership communities. Section 11 governs condominiums and is commonly referred to as the Maryland Condominium Act. Section 11A governs timeshares. Section 11B governs homeowner associations (HOA). These three sections are very similar.

For delinquent homeowners, the most important sections are 11-110, 11-113, 11B-112.1, 11B-117, 14-201, and 14-204. Section 14-201 and beyond governs all liens under the Real Property Title and appears in a subtitle called the Maryland Contract Lien Act.

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Remember:

Statutes are only a starting point to determine the law. Laws sometimes subject themselves to other laws or even to private founding documents. Laws can permit, require, or prohibit something with respect to those documents or stakeholder actions. Court opinions are considered greater law and can interpret or apply statutes with more or less strictness than the original text would suggest. Some laws remain unchanged for decades, while others are amended each year, usually October 1, at:

<https://mgaleg.maryland.gov/mgawebsite/Laws/Statutes>

Legislators begin taking requests for bills in mid-April after what is called "Sine Die," the last day of session. A bill must be sponsored by a legislator, who will ask the Department of Legislative Services for a formal drafting of the bill text in the required format. Each legislator is allowed to "pre-file" a certain number of bills to get priority when the new session starts in January, possibly speeding up committee assignments to have hearings on the bill. After three hearings for "readings," a bill that passes the committee often gets a unanimous vote when it goes to the floor in front of the whole body.

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§11-103.

(a) The declaration shall express at least the following particulars:

(1) The name by which the condominium is to be identified, which name shall include the word "condominium" or be followed by the phrase "a condominium".

(2) A description of the condominium sufficient to identify it with reasonable certainty together with a statement of the owner's intent to subject the property to the condominium regime established under this title.

(3) A general description of each unit, including its perimeters, location, and any other data sufficient to identify it with reasonable certainty. As to condominiums created on or after July 1, 1981, except as provided by the declaration or the plat and subject to paragraph (4)(ii) of this subsection:

(i) If walls, floors, or ceilings are designated as boundaries of a unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the unit, and all other portions of the walls, floors, or ceilings are a part of the common elements.

(ii) If any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a part of that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements.

(iii) Subject to the provisions of subparagraph (ii) of this paragraph, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a unit are a part of the unit.

(iv) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single unit, but located outside the unit's boundaries, are limited common elements allocated exclusively to that unit.

(4) (i) A general description of the common elements together with a designation of those portions of the common elements that are limited common elements and the unit to which the use of each is restricted initially.

(ii) 1. A. This subparagraph applies to any condominium for which a declaration, bylaws, and plat are recorded in the land records of the county where the property is located on or after October 1, 2010.

B. This subparagraph does not apply to a condominium that is occupied and used solely for nonresidential purposes.

2. The description of the common elements shall include the following improvements to the extent that the improvements are shared by or serve more than one unit or serve any portion of the common elements:

- A. Roofs;
- B. Foundations;
- C. External and supporting walls;
- D. Mechanical, electrical, and plumbing systems; and
- E. Other structural elements.

3. With the exception of corrective amendments necessary to comply with subsubparagraph 2 of this subparagraph, the description and designation of the common elements required under subsubparagraph 2 of this subparagraph may not be amended until after the date on which the unit owners, other than the developer and its affiliates, first elect a controlling majority of the members of the board of directors for the council of unit owners.

(5) The percentage interests appurtenant to each unit as provided in § 11-107 of this title.

(6) The number of votes at meetings of the council of unit owners appurtenant to each unit.

(b) The information required by subsection (a)(2) through (4) of this section may be incorporated in the declaration by reference to the condominium plat.

(c) (1) Except for a corrective amendment under § 11-103.1 of this title or as provided in paragraph (2) of this subsection or subsection (d) of this section, the declaration may be amended only with the written consent of 80 percent of the unit

owners listed on the current roster. Amendments under this section are subject to the following limitations:

(i) Except to the extent expressly permitted or expressly required by other provisions of this title, an amendment to the declaration may not change the boundaries of any unit, the undivided percentage interest in the common elements of any unit, the liability for common expenses or rights to common profits of any unit, or the number of votes in the council of unit owners of any unit without the written consent of every unit owner and mortgagee.

(ii) An amendment to the declaration may not modify in any way rights expressly reserved for the benefit of the developer or provisions required by any governmental authority or for the benefit of any public utility.

(iii) Except to the extent expressly permitted by the declaration, an amendment to the declaration may not change residential units to nonresidential units or change nonresidential units to residential units without the written consent of every unit owner and mortgagee.

(c) (iv) Except as otherwise expressly permitted by this title and by the declaration, an amendment to the declaration may not redesignate general common elements as limited common elements without the written consent of every unit owner and mortgagee.

(v) 1. Except as provided in subparagraph (vi) of this paragraph, if the declaration contains a provision requiring any action on the part of the holder of a mortgage or deed of trust on a unit in order to amend the declaration, that provision shall be deemed satisfied if the procedures under this subparagraph are satisfied.

2. If the declaration contains a provision described in subsubparagraph 1 of this subparagraph, the council of unit owners shall cause to be delivered to each holder of a mortgage or deed of trust entitled to notice a copy of the proposed amendment to the declaration.

3. If a holder of the mortgage or deed of trust that receives the proposed amendment fails to object, in writing, to the proposed amendment within 60 days after the date of actual receipt of the proposed amendment, the holder shall be deemed to have consented to the adoption of the amendment.

(vi) Subparagraph (v) of this paragraph does not apply to amendments that:

of trust;

1. Alter the priority of the lien of the mortgage or deed

2. Materially impair or affect the unit as collateral; or

3. Materially impair or affect the right of the holder of the mortgage or deed of trust to exercise any rights under the mortgage, deed of trust, or applicable law.

(2) (i) The council of unit owners may petition the circuit court in equity for the county in which the condominium is located to correct:

1. An improper description of the units or common elements; or

2. An improper assignment of the percentage interests in the common elements, common expenses, and common profits.

(ii) The petition may be brought only if:

1. The unit owners, at a special meeting called for that purpose, vote to petition the court to correct a specific error by a vote of at least 66 2/3 percent of the unit owners present and voting at a properly convened meeting;

2. The council of unit owners gives notice of the special meeting to each mortgagee of record for the condominium; and

3. An opportunity is provided for the mortgagees to speak at the special meeting upon written request to the council of unit owners.

(iii) The court may reform the declaration to correct the error or omission as the court considers appropriate, if:

1. The council of unit owners gives notice of the filing of the petition to each mortgagee and unit owner within 15 days of filing;

2. The council of unit owners files an affidavit with the court stating that the conditions of subparagraph (ii) of this paragraph have been met;

3. The council of unit owners proves, by a preponderance of the evidence, that there is an error or omission as provided in subparagraph (i) of this paragraph;

4. Any mortgagee with an interest in the condominium is permitted to intervene in the proceedings upon filing a motion to intervene as provided in the Maryland Rules;

5. The reformation does not substantially impair the property rights of any unit owner or mortgagee; and

6. The court issues an order of reformation.

(iv) A final order of reformation may be appealed by any party within 30 days of its issuance. An order of reformation may not be recorded until the appeal period has lapsed or all appeals have been completed.

(3) An amendment or order of reformation becomes effective on recordation in the same manner as the declaration. If the condominium is registered with the Secretary of State, the council of unit owners shall file a copy of the order of reformation with the Secretary of State within 15 days of recordation.

(d) (1) (i) A declaration may provide for the suspension of the use of parking or recreational facility common elements by a unit owner that is more than 60 days in arrears in the payment of any assessment due to the condominium.

(ii) If a declaration contains a suspension provision authorized under subparagraph (i) of this paragraph, the declaration shall state that a suspension of the use of common elements may not be implemented until the council of unit owners:

1. Mails to the unit owner a demand letter specifying a time period of at least 10 days within which the unit owner may pay the delinquent assessment or request a hearing to contest the suspension; and

2. If a unit owner requests a hearing to contest a suspension, provides notice and holds a hearing in accordance with § 11–113(b)(2) and (3) of this subtitle.

(2) Notwithstanding the provisions of the declaration or bylaws, the council of unit owners may amend the declaration to add or repeal a suspension provision authorized under paragraph (1)(i) of this subsection by the affirmative vote of at least 60% of the total eligible voters of the condominium under the voting procedures contained in the declaration or the bylaws.

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§11-103.1.

(a) Unless the declaration or bylaws provide otherwise and subject to subsections (b) and (c) of this section, the council of unit owners or the board of directors may execute and record an amendment to the declaration, bylaws, or plat, to correct:

(1) A typographical error or other error in the percentage interests or number of votes appurtenant to any unit;

(2) A typographical error or other incorrect reference to another prior recorded document; or

(3) A typographical error or other incorrect unit designation or assignment of limited common elements if the affected unit owners and their mortgagees consent in writing to the amendment, and the consent documents are recorded with the amendment.

(b) If a council of unit owners or board of directors executes and records an amendment under subsection (a) of this section, the council or board shall also record with the amendment:

(1) During the time that the developer has an interest:

(i) The consent of the developer; or

(ii) An affidavit by the council or board that any developer who has an interest in the condominium has been provided a copy of the amendment and a notice that the developer may object in writing to the amendment within 30 days of receipt of the amendment and notice, that 30 days have passed since delivery of the amendment and notice, and that the developer has made no written objection; and

(2) An affidavit by the council or board that at least 30 days before recordation of the amendment a copy of the amendment was sent by first-class mail to each unit owner at the last address on record with the council of unit owners.

(c) An amendment under this section is entitled to be recorded and is effective upon recordation if accompanied by the supporting documents required by this section.

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§11-104.

(a) The administration of every condominium shall be governed by bylaws which shall be recorded with the declaration. If the council of unit owners is incorporated, these bylaws shall be the bylaws of that corporation.

(b) The bylaws shall express at least the following particulars:

(1) The form of administration, indicating whether the council of unit owners shall be incorporated or unincorporated, and whether, and to what extent, the duties of the council of unit owners may be delegated to a board of directors, manager, or otherwise, and specifying the powers, manner of selection, and removal of them;

(2) The mailing address of the council of unit owners;

(3) The method of calling the unit owners to assemble; the attendance necessary to constitute a quorum at any meeting of the council of unit owners; the manner of notifying the unit owners of any proposed meeting; who presides at the meetings of the council of unit owners, who keeps the minute book for recording the resolutions of the council of unit owners, and who counts votes at meetings of the council of unit owners; and

(4) The manner of assessing against and collecting from unit owners their respective shares of the common expenses.

(c) The bylaws also may contain any other provision regarding the management and operation of the condominium including any restriction on or requirement respecting the use and maintenance of the units and the common elements.

(d) The bylaws may contain a provision prohibiting any unit owner from voting at a meeting of the council of unit owners if the council of unit owners has recorded a statement of condominium lien on his unit and the amount necessary to release the lien has not been paid at the time of the meeting.

(e) (1) A corrective amendment to the bylaws may be made in accordance with § 11-103.1 of this title, or as provided in paragraph (2) of this subsection.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, the bylaws may be amended by the affirmative vote of unit owners as provided under paragraph (6) of this subsection.

(ii) The bylaws may be amended by the affirmative vote of unit owners having at least 51% of the votes in the council of unit owners for the purpose of requiring all unit owners to maintain condominium unit owner insurance policies on their units.

(3) (i) Except as provided in paragraph (4) of this subsection, if the declaration or bylaws contain a provision requiring any action on the part of the holder of a mortgage or deed of trust on a unit in order to amend the bylaws, that provision shall be deemed satisfied if the procedures under this paragraph are satisfied.

(ii) If the declaration or bylaws contain a provision described in subparagraph (i) of this paragraph, the council of unit owners shall cause to be delivered to each holder of a mortgage or deed of trust entitled to notice, a copy of the proposed amendment to the bylaws.

(iii) If a holder of the mortgage or deed of trust that receives the proposed amendment fails to object, in writing, to the proposed amendment within 60 days from the date of actual receipt of the proposed amendment, the holder shall be deemed to have consented to the adoption of the amendment.

(4) Paragraph (3) of this subsection does not apply to amendments that:

(i) Alter the priority of the lien of the mortgage or deed of trust;

(ii) Materially impair or affect the unit as collateral; or

(iii) Materially impair or affect the right of the holder of the mortgage or deed of trust to exercise any rights under the mortgage, deed of trust, or applicable law.

(5) Each particular set forth in subsection (b) of this section shall be expressed in the bylaws as amended. An amendment under paragraph (2) of this subsection shall be entitled to be recorded if accompanied by a certificate of the person specified in the bylaws to count votes at the meeting of the council of unit owners that the amendment was approved by unit owners having the required percentage of the votes and shall be effective on recordation. This certificate shall be conclusive evidence of approval.

(6) (i) In this paragraph, "in good standing" means not being more than 90 days in arrears in the payment of any assessment or charge due to the condominium.

(ii) Notwithstanding the provisions of the bylaws, the council of unit owners may amend the bylaws by the affirmative vote of unit owners in good standing having at least 60% of the votes in the council, or by a lower percentage if required in the bylaws.

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§11-105.

(a) When the declaration and bylaws are recorded, the developer shall record a condominium plat.

(b) The condominium plat may consist of one or more sheets and shall contain at least the following particulars:

(1) The name of the condominium;

(2) A boundary survey of the property described in the declaration showing the location of all buildings on the property and the physical markings at the corners of the property;

(3) Diagrammatic floor plans of each building on the property which show the measured dimensions, floor area, and location of each unit in it. Common elements shall be shown diagrammatically to the extent feasible; and

(4) The elevation, or average elevation in case of minor variances, above sea level, or from a fixed known point, of the upper and lower boundaries of each unit delineated on the condominium plat.

(c) Each unit shall be designated on the condominium plat by a letter or number, or a combination of them, or other appropriate designation.

(d) A condominium plat or any amendment to a condominium plat is sufficient for the purposes of this title if there is attached to, or included in it, a certificate of a professional land surveyor or property line surveyor authorized to practice in the State that:

(1) The plat, together with the applicable wording of the declaration, is a correct representation of the condominium described; and

(2) The identification and location of each unit and the common elements, as constructed, can be determined from them.

(e) (1) Except as provided in paragraph (2) of this subsection or otherwise provided in this title, the condominium plat may be amended in the same manner and to the same extent as the declaration under § 11-103(c)(1) of this title.

(2) (i) The council of unit owners may petition the circuit court in equity for the county in which the condominium is located to correct an improper description of the units or common elements.

(ii) The petition may be brought only if:

1. The unit owners, at a special meeting called for that purpose, vote to petition the court to correct a specific error by a vote of at least 66 2/3 percent of the unit owners present and voting at a properly convened meeting;

2. The council of unit owners gives notice of the special meeting to each mortgagee of record for the condominium; and

3. An opportunity is provided for the mortgagees to speak at the special meeting upon written request to the council of unit owners.

(iii) The court may reform the condominium plat to correct the error or omission as the court considers appropriate, if:

1. The council of unit owners gives notice of the filing of the petition to each mortgagee and unit owner within 15 days of filing;

2. The council of unit owners files an affidavit with the court stating that the conditions of subparagraph (ii) of this paragraph have been met;

3. The council of unit owners proves, by a preponderance of the evidence, that there is an error or omission as provided in subparagraph (i) of this paragraph;

4. Any mortgagee with an interest in the condominium is permitted to intervene in the proceedings upon filing a motion to intervene as provided in the Maryland Rules;

5. The reformation does not substantially impair the property rights of any unit owner or mortgagee; and

6. The court issues an order of reformation.

(iv) A final order of reformation may be appealed by any party within 30 days of its issuance. An order of reformation may not be recorded until the appeal period has lapsed or all appeals have been completed.

(3) An amendment or order of reformation becomes effective upon recordation in the same manner as the condominium plat. If the condominium is registered with the Secretary of State, the council of unit owners shall file a copy of the reformation amendment with the Secretary of State within 15 days of recordation.

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§11-107.

(a) Each unit owner shall own an undivided percentage interest in the common elements equal to that set forth in the declaration. Except as specifically provided in this title, the common elements shall remain undivided. Except as provided in this title, no unit owner, nor any other person, may bring a suit for partition of the common elements, and any covenant or provision in any declaration, bylaws, or other instrument to the contrary is void.

(b) Each unit owner shall have a percentage interest in the common expenses and common profits equal to that set forth in the declaration.

(c) The percentage interest provided in subsections (a) and (b) of this section may be identical or may vary. The percentage interests shall have a permanent character and, except as specifically provided by this title, may not be changed without the written consent of all of the unit owners and their mortgagees. Any change shall be evidenced by an amendment to the declaration, recorded among the appropriate land records. The percentage interests may not be separated from the unit to which they appertain. Any instrument, matter, circumstance, action, occurrence, or proceeding in any manner affecting a unit also shall affect, in like manner, the percentage interests appurtenant to the unit.

(d) (1) Notwithstanding any other provision of this title, but subject to any provision in the declaration or bylaws, a unit owner may:

(i) Grant by deed part of a unit and incorporate it as part of another unit if a portion of the percentage interests of the grantor is granted to the grantee and the grant is evidenced by an amendment to the declaration specifically describing the part granted, the percentage interests reallocated and the new percentage interest of the grantor and the grantee; and

(ii) Subdivide his unit into 2 or more units if the original percentage interests and votes appurtenant to the original unit are allocated to the resulting units and the subdivision is evidenced by an amendment to the declaration describing the resulting units and the percentage interests and votes allocated to each unit.

(2) When appropriate, a plat may be attached to the amendment. The transfer or subdivision may be made without the consent of all of the unit owners if

the amendment to the declaration is executed by the unit owners and mortgagees of the units involved and by the council of unit owners or its authorized designee.

(3) If the unit owner of 2 or more adjacent units or the unit owner of a unit and an adjacent part of another unit transferred in accordance with this subsection desires to consolidate them, the council of unit owners or its authorized designee may authorize the unit owner to remove all or part of any walls separating the units or portions of them if the removal does not violate any applicable statute or regulation.

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§11-108.

(a) Subject to the provisions of subsection (c) of this section, the common elements may be used only for the purposes for which they were intended and, except as provided in the declaration, the common elements shall be subject to mutual rights of support, access, use, and enjoyment by all unit owners. However, subject to the provisions of subsection (b) of this section, any portion of the common elements designated as limited common elements shall be used only by the unit owner of the unit to which their use is limited in the declaration or condominium plat.

(b) Any unit owner or any group of unit owners of units to which the use of any limited common element is exclusively restricted may grant by deed the exclusive use, or the joint use in common with one or more of the grantors, of the limited common elements to any one or more unit owners. A copy of the deed shall be furnished to the council of unit owners.

(c) (1) This subsection does not apply to any meetings of unit owners occurring at any time before the unit owners elect officers or a board of directors in accordance with § 11-109(c)(16) of this title.

(2) Subject to reasonable rules adopted by the governing body under § 11-111 of this title, unit owners may meet for the purpose of considering and discussing the operation of and matters relating to the operation of the condominium in any common elements or in any building or facility in the common elements that the governing body of the condominium uses for scheduled meetings.

(d) (1) Notwithstanding any bylaw, provision of a condominium plat, rule, or other provision of law, the governing body of a condominium or, if control of the governing body has not yet transitioned to the unit owners, the developer shall give notice in accordance with paragraph (2) of this subsection no less than 30 days before the sale, including a tax sale, of any common element located on property that has been transferred to the condominium.

(2) The notice requirement under paragraph (1) of this subsection shall be satisfied by:

(i) Providing written notice about the sale to each unit owner;
or

(ii) 1. Posting a sign about the sale on the property to be sold, in a manner similar to signage required for a zoning modification; and

2. If the condominium has a Web site, providing notice about the sale on the home page of the Web site of the condominium.

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§11-109.

(a) The affairs of the condominium shall be governed by a council of unit owners which, even if unincorporated, is constituted a legal entity for all purposes. The council of unit owners shall be comprised of all unit owners.

(b) The bylaws may authorize or provide for the delegation of any power of the council of unit owners to a board of directors, officers, managing agent, or other person for the purpose of carrying out the responsibilities of the council of unit owners.

(c) (1) A meeting of the council of unit owners or board of directors may not be held on less notice than required by this section.

(2) The council of unit owners shall maintain a current roster of names and addresses of each unit owner to which notice of meetings of the board of directors shall be sent at least annually.

(3) Each unit owner shall furnish the council of unit owners with his name and current mailing address. A unit owner may not vote at meetings of the council of unit owners until this information is furnished.

(4) A regular or special meeting of the council of unit owners may not be held on less than 10 nor more than 90 days':

(i) Written notice delivered or mailed to each unit owner at the address shown on the roster on the date of the notice; or

(ii) Notice sent to each unit owner by electronic transmission, if the requirements of § 11-139.1 of this title are met.

(5) Notice of special meetings of the board of directors shall be given:

(i) As provided in the bylaws; or

(ii) If the requirements of § 11-139.1 of this title are met, by electronic transmission.

(6) Except as provided in § 11-109.1 of this title, a meeting of a governing body shall be open and held at a time and location as provided in the notice or bylaws.

(7) (i) This paragraph does not apply to any meeting of the governing body that occurs at any time before the meeting at which the unit owners elect officers or a board of directors in accordance with paragraph (16) of this subsection.

(ii) Subject to subparagraph (iii) of this paragraph and to reasonable rules adopted by the governing body under § 11-111 of this title, a governing body shall provide a designated period of time during a meeting to allow unit owners an opportunity to comment on any matter relating to the condominium.

(iii) During a meeting at which the agenda is limited to specific topics or at a special meeting, the unit owners' comments may be limited to the topics listed on the meeting agenda.

(c)(7) (iv) The governing body shall convene at least one meeting each year at which the agenda is open to any matter relating to the condominium.

(8) (i) Unless the bylaws provide otherwise, a quorum is deemed present throughout any meeting of the council of unit owners if persons entitled to cast 25 percent of the total number of votes appurtenant to all units are present in person or by proxy.

(ii) If the number of persons present in person or by proxy at a properly called meeting of the council of unit owners is insufficient to constitute a quorum, an additional meeting of the council of unit owners may be called for the same purpose if:

1. The notice of the initial properly called meeting stated:

A. That the procedure authorized by this paragraph might be invoked; and

B. The date, time, and place of the additional meeting;
and

2. A majority of the unit owners present vote in person or by proxy to call for the additional meeting.

(iii) 1. An additional meeting called under subparagraph (ii) of this paragraph shall occur not less than 15 days after the initial properly called meeting.

2. Not less than 10 days before the additional meeting, a separate and distinct notice of the date, time, place, and purpose of the additional meeting called under subparagraph (ii) of this paragraph shall be:

A. Delivered, mailed, or sent by electronic transmission if the requirements of § 11-139.1 of this title are met, to each unit owner at the address shown on the roster maintained under paragraph (2) of this subsection;

B. Advertised in a newspaper published in the county where the condominium is located; or

C. If the condominium has a website, posted on the homepage of the website.

3. The notice shall contain the quorum and voting provisions of subparagraph (iv) of this paragraph.

(iv) 1. At the additional meeting, the unit owners present in person or by proxy constitute a quorum.

2. Unless the bylaws provide otherwise, a majority of the unit owners present in person or by proxy:

A. May approve or authorize the proposed action at the additional meeting; and

B. May take any other action that could have been taken at the original meeting if a sufficient number of unit owners had been present.

(v) This paragraph may not be construed to affect the percentage of votes required to amend the declaration or bylaws or to take any other action required to be taken by a specified percentage of votes.

(9) At meetings of the council of unit owners each unit owner shall be entitled to cast the number of votes appurtenant to his unit. Unit owners may vote by proxy, but the proxy is effective only for a maximum period of 180 days following its issuance, unless granted to a lessee or mortgagee.

(10) Any proxy may be revoked at any time at the pleasure of the unit owner or unit owners executing the proxy.

11-109(c)(11) A proxy who is not appointed to vote as directed by a unit owner may only be appointed for purposes of meeting quorums and to vote for matters of

business before the council of unit owners, other than an election of officers and members of the board of directors.

(12) Only a unit owner voting in person or by electronic transmission if the requirements of § 11-139.2 of this title are met or a proxy voting for candidates designated by a unit owner may vote for officers and members of the board of directors.

(13) Unless otherwise provided in the bylaws, a unit owner may nominate himself or any other person to be an officer or member of the board of directors. A call for nominations shall be sent to all unit owners not less than 45 days before notice of an election is sent. Only nominations made at least 15 days before notice of an election shall be listed on the election ballot. Candidates shall be listed on the ballot in alphabetical order, with no indicated candidate preference. Nominations may be made from the floor at the meeting at which the election to the board is held.

(14) Election materials prepared with funds of the council of unit owners shall list candidates in alphabetical order and may not indicate a candidate preference.

(15) Unless otherwise provided in this title, and subject to provisions in the bylaws requiring a different majority, decisions of the council of unit owners shall be made on a majority of votes of the unit owners listed on the current roster present and voting.

(16) (i) A meeting of the council of unit owners to elect a board of directors for the council of unit owners, as provided in the condominium declaration or bylaws, shall be held within:

1. 60 days from the date that units representing 50 percent of the votes in the condominium have been conveyed by the developer to members of the public for residential purposes; or

2. If a lesser percentage is specified in the declaration or bylaws of the condominium, 60 days from the date the specified lesser percentage of units in the condominium are sold to members of the public for residential purposes.

(ii) 1. Before the date of the meeting held under subparagraph (i) of this paragraph, the developer shall deliver to each unit owner notice that the requirements of subparagraph (i) of this paragraph have been met.

2. The notice shall include the date, time, and place of the meeting to elect the board of directors for the council of unit owners.

(iii) If a replacement board member is elected, the term of each member of the board of directors appointed by the developer shall end 10 days after the meeting is held as specified in subparagraph (i) of this paragraph.

(iv) Within 30 days from the date of the meeting held under subparagraph (i) of this paragraph, the developer shall deliver to the officers or board of directors for the council of unit owners, as provided in the condominium declaration or bylaws, at the developer's expense:

1. The documents specified in § 11-132 of this title;
2. The condominium funds, including operating funds, replacement reserves, investment accounts, and working capital;
3. The tangible property of the condominium; and
4. A roster of current unit owners, including mailing addresses, telephone numbers, and unit numbers, if known.

(v) ~~In Prince George's County and Montgomery County~~, the replacement reserves delivered under subparagraph (iv)2 of this paragraph shall be equal to at least the reserve funding amount recommended in the reserve study completed under § 11-109.4 of this title as of the date of the meeting.

(vi) 1. This subparagraph does not apply to a contract entered into before October 1, 2009.

2. A. In this subparagraph, "contract" means an agreement with a company or individual to handle financial matters, maintenance, or services for the condominium.

B. "Contract" does not include an agreement relating to the provision of utility services or communication systems.

3. Until all members of the board of directors of the condominium are elected by the unit owners at a transitional meeting as specified in subparagraph (i) of this paragraph, a contract entered into by the officers or board of directors of the condominium may be terminated, at the discretion of the board of directors and without liability for the termination, not later than 30 days after notice.

(vii) If the developer fails to comply with the requirements of this paragraph, an aggrieved unit owner may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General under § 11-130(c) of this title.

(d) The council of unit owners may be either incorporated as a nonstock corporation or unincorporated and it is subject to those provisions of Title 5, Subtitle 2 of the Corporations and Associations Article which are not inconsistent with this title. The council of unit owners has, subject to any provision of this title, and except as provided in item (22) of this subsection, the declaration, and bylaws, the following powers:

(1) To have perpetual existence, subject to the right of the unit owners to terminate the condominium regime as provided in § 11-123 of this title;

(2) To adopt and amend reasonable rules and regulations;

(3) To adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from unit owners;

(4) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more unit owners on matters affecting the condominium;

(5) To transact its business, carry on its operations and exercise the powers provided in this subsection in any state, territory, district, or possession of the United States and in any foreign country;

(6) To make contracts and guarantees, incur liabilities and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;

(7) To issue bonds, notes, and other obligations and secure the same by mortgage or deed of trust of any part of its property, franchises, and income;

(8) To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;

(9) To hire and terminate managing agents and other employees, agents, and independent contractors;

(10) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and

otherwise use and deal in and with, shares or other interests in, or obligation of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;

(11) To invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the declaration or bylaws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned;

(12) To regulate the use, maintenance, repair, replacement, and modification of common elements;

(13) To cause additional improvements to be made as a part of the general common elements;

(14) To grant easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests through or over the common elements in accordance with § 11-125(f) of this title;

(15) To impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than limited common elements;

(16) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the council of unit owners, under § 11-113 of this title;

(17) To impose reasonable charges for the preparation and recordation of amendments to the declaration, bylaws, rules, regulations, or resolutions, resale certificates, or statements of unpaid assessments;

(18) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or maintenance of the condominium;

(19) To enforce the implied warranties made to the council of unit owners by the developer under § 11-131 of this title;

(20) To enforce the provisions of this title, the declaration, bylaws, and rules and regulations of the council of unit owners against any unit owner or occupant;

(21) Generally, to exercise the powers set forth in this title and the declaration or bylaws and to do every other act not inconsistent with law, which may

be appropriate to promote and attain the purposes set forth in this title, the declaration or bylaws; and

(22) To designate parking for individuals with disabilities, notwithstanding any provision in the declaration, bylaws, or rules and regulations.

(e) A unit owner may not have any right, title, or interest in any property owned by the council of unit owners other than as holder of a percentage interest in common expenses and common profits appurtenant to his unit.

(f) A unit owner's rights as holder of a percentage interest in common expenses and common profits are such that:

(1) A unit owner's right to possess, use, or enjoy property of the council of unit owners shall be as provided in the bylaws; and

(2) A unit owner's interest in the property is not assignable or attachable separate from his unit except as provided in §§ 11-107(d) and 11-112(g) of this title.

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§11-109.1.

(a) A meeting of the board of directors may be held in closed session only for the following purposes:

- (1) Discussion of matters pertaining to employees and personnel;
- (2) Protection of the privacy or reputation of individuals in matters not related to the council of unit owners' business;
- (3) Consultation with legal counsel on legal matters;
- (4) Consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters;
- (5) Investigative proceedings concerning possible or actual criminal misconduct;
- (6) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the council of unit owners;
- (7) Complying with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
- (8) Discussion of individual owner assessment accounts.

(b) If a meeting is held in closed session under subsection (a) of this section:

- (1) An action may not be taken and a matter may not be discussed if it is not permitted by subsection (a) of this section; and
- (2) A statement of the time, place, and purpose of any closed meeting, the record of the vote of each board member by which any meeting was closed, and the authority under this section for closing any meeting shall be included in the minutes of the next meeting of the board of directors.

(c) Nothing in this section may be interpreted to authorize the board of directors to withhold or agree to withhold from the unit owners the terms of any legal agreement to which the council of unit owners is a party.

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§11-109.2.

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

(b) The annual budget shall provide for at least the following items:

- (1) Income;
- (2) Administration;
- (3) Maintenance;
- (4) Utilities;
- (5) General expenses;
- (6) Reserves; and
- (7) Capital items.

(c) (1) Subject to paragraph (2) of this subsection, the reserves provided for in the annual budget under subsection (b) of this section for a residential condominium shall be the funding amount recommended in the most recent reserve study completed under § 11-109.4 of this title.

(2) If the most recent reserve study was an initial reserve study, the governing body shall, within 3 fiscal years following the fiscal year in which the initial reserve study was completed, attain the annual reserve funding level recommended in the initial reserve study.

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

(2) (i) The council of unit owners or other governing body of unit owners shall submit the adopted annual budget to the unit owners not more than 30 days after the meeting at which the budget was adopted.

(ii) The adopted annual budget may be submitted to each unit owner by electronic transmission, by posting on the condominium association's home page, or by inclusion in the homeowners association's newsletter.

(e) 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.

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

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

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§11-109.3.

(a) If the council of unit owners fails to fill vacancies on the board of directors sufficient to constitute a quorum in accordance with the bylaws, three or more unit owners may petition the circuit court for the county where the condominium is located to appoint a receiver to manage the affairs of the council of unit owners.

(b) (1) At least 30 days before petitioning the circuit court, the unit owners acting under the authority granted by subsection (a) of this section shall mail to the council of unit owners a notice describing the petition and the proposed action.

(2) The unit owners shall post a copy of the notice in a conspicuous place on the condominium property.

(c) If the council of unit owners fails to fill vacancies sufficient to constitute a quorum within the notice period, the unit owners may proceed with the petition.

(d) A receiver appointed by a court under this section may not reside in or own a unit in the condominium governed by the council of unit owners.

(e) (1) A receiver appointed under this section shall have all powers and duties of a duly constituted board of directors.

(2) The receiver shall serve until the council of unit owners fills vacancies on the board of directors sufficient to constitute a quorum.

(f) The salary of the receiver, court costs, and reasonable attorney's fees are common expenses.

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§11-109.4.

(a) In this section, “reserve study” means a study of the reserves required for future major repairs and replacement of the common elements of a condominium that:

(1) Identifies each structural, mechanical, electrical, and plumbing component of the common elements and any other components that are the responsibility of the council of unit owners to repair and replace;

(2) States the normal useful life and the estimated remaining useful life of each identified component;

(3) States the estimated cost of repair or replacement of each identified component; and

(4) States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement.

(b) This section applies only to a residential condominium.

(c) (1) This subsection applies only to a condominium established in:

(i) Prince George’s County on or after October 1, 2020;

(ii) Montgomery County on or after October 1, 2021; or

(iii) Any county other than Prince George’s County or Montgomery County on or after October 1, 2022.

(2) The governing body of the condominium shall have an independent reserve study completed not less than 30 calendar days before the meeting of the council of unit owners required under § 11-109(c)(16) of this title.

(3) The governing body shall have an updated reserve study completed within 5 years after the date of the initial reserve study conducted under paragraph (2) of this subsection and at least every 5 years thereafter.

(d) (1) (i) This paragraph applies only to a condominium established in Prince George’s County before October 1, 2020.

(ii) If the governing body of a condominium has had a reserve study conducted on or after October 1, 2016, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

(iii) If the governing body of a condominium has not had a reserve study conducted on or after October 1, 2016, the governing body shall have a reserve study conducted on or before October 1, 2021, and an updated reserve study at least every 5 years thereafter.

(2) (i) This paragraph applies only to a condominium established in Montgomery County before October 1, 2021.

(ii) If the governing body of a condominium has had a reserve study conducted on or after October 1, 2017, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

(iii) If the governing body of a condominium has not had a reserve study conducted on or after October 1, 2017, the governing body shall have a reserve study conducted on or before October 1, 2022, and an updated reserve study at least every 5 years thereafter.

(3) (i) This paragraph applies only to a condominium established in any county other than Prince George's County or Montgomery County before October 1, 2022.

(ii) If the governing body of a condominium has had a reserve study conducted on or after October 1, 2018, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

(iii) If the governing body of a condominium has not had a reserve study conducted on or after October 1, 2018, the governing body shall have a reserve study conducted on or before **October 1, 2023**, and an updated reserve study at least every 5 years thereafter.

(e) Each reserve study required under this section shall:

(1) Be prepared by a person who:

(i) Has prepared at least 30 reserve studies within the prior 3 calendar years;

(ii) Has participated in the preparation of at least 30 reserve studies within the prior 3 calendar years while employed by a firm that prepares reserve studies;

(iii) Holds a current license from the State Board of Architects or the State Board for Professional Engineers; or

(iv) Is currently designated as a reserve specialist by the Community Association Institute or as a professional reserve analyst by the Association of Professional Reserve Analysts;

(2) Be available for inspection and copying by any unit owner;

(3) Be reviewed by the governing body of the condominium in connection with the preparation of the annual proposed budget; and

(4) Be summarized for submission with the annual proposed budget to the unit owners.

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§11–110.

(a) All common profits shall be disbursed to the unit owners, be credited to their assessments for common expenses in proportion to their percentage interests in common profits and common expenses, or be used for any other purpose as the council of unit owners decides.

(b) (1) (i) Funds for the payment of current common expenses and for the creation of reserves for the payment of future common expenses shall be obtained by assessments against the unit owners in proportion to their percentage interests in common expenses and common profits.

(ii) The board of directors of a residential condominium has the authority to increase the assessment levied to cover the reserve funding amount required under § 11–109.4 of this title, notwithstanding any provision of the declaration, articles of incorporation, or bylaws restricting assessment increases or capping the assessment that may be levied in a fiscal year.

(2) (i) Where provided in the declaration or the bylaws, charges for utility services may be assessed and collected on the basis of usage rather than on the basis of percentage interests.

(ii) If provided by the declaration, assessments for expenses related to maintenance of the limited common elements may be charged to the unit owner or owners who are given the exclusive right to use the limited common elements.

(iii) Assessments for charges under this paragraph may be enforced in the same manner as assessments for common expenses.

(c) A unit owner shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. In a voluntary grant the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a statement of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

(d) (1) Payment of assessments, together with interest, late charges, if any, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a unit in accordance with the provisions of the Maryland Contract Lien Act.

(2) Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act.

(e) (1) Any assessment, or installment thereof, not paid when due shall bear interest, at the option of the council of unit owners, from the date when due until paid at the rate provided in the bylaws, not exceeding 18 percent per annum, and if no rate is provided, then at 18 percent per annum.

(2) The bylaws also may provide for a late charge of \$15 or one tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least 15 calendar days.

(3) If the declaration or bylaws provide for an annual assessment payable in regular installments, the declaration or bylaws may further provide that if a unit owner fails to pay an installment when due, the council of unit owners may demand payment of the remaining annual assessment coming due within that fiscal year. A demand by the council is not enforceable unless the council, within 15 days of a unit owner's failure to pay an installment, notifies the unit owner that if the unit owner fails to pay the monthly installment within 15 days of the notice, full payment of the remaining annual assessment will then be due and shall constitute a lien on the unit as provided in this section.

(f) (1) This subsection does not limit or affect the priority of any lien, secured interest, or other encumbrance with priority that is held by or for the benefit of, purchased by, assigned to, or securing any indebtedness to:

(i) The State or any county or municipal corporation in the State;

(ii) Any unit of State government or the government of any county or municipal corporation in the State; or

(iii) An instrumentality of the State or any county or municipal corporation in the State.

(2) In the case of a foreclosure of a mortgage or deed of trust on a unit in a condominium, a portion of the condominium's liens on the unit, as prescribed in paragraph (3) of this subsection, shall have priority over a claim of the holder of a first mortgage or a first deed of trust that is recorded against the unit on or after October 1, 2011.

(3) The portion of the condominium's liens that has priority under paragraph (2) of this subsection:

(i) Shall consist solely of not more than 4 months, or the equivalent of 4 months, of unpaid regular assessments for common expenses that are levied by the condominium in accordance with the requirements of the declaration or bylaws of the condominium;

(ii) May not include:

1. Interest;
2. Costs of collection;
3. Late charges;
4. Fines;
5. Attorney's fees;
6. Special assessments; or

7. Any other costs or sums due under the declaration or bylaws of the condominium or as provided under any contract, law, or court order; and

(iii) May not exceed a maximum of \$1,200.

(4) (i) Subject to subparagraph (ii) of this paragraph, at the request of the holder of a first mortgage or first deed of trust on a unit in a condominium, the governing body shall provide to the holder written information about the portion of any lien filed under the Maryland Contract Lien Act that has priority as prescribed under paragraph (3) of this subsection, including information that is sufficient to allow the holder to determine the basis for the portion of the lien that has priority.

(ii) At the time of making a request under subparagraph (i) of this paragraph, the holder shall provide the governing body of the condominium with the written contact information of the holder.

(iii) If the governing body of the condominium fails to provide written information to the holder under subparagraph (i) of this paragraph within 30 days after the filing of the statement of lien among the land records of each county in which the condominium is located, the portion of the condominium's liens does not have priority as prescribed under paragraph (2) of this subsection.

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§11-111.

(a) (1) The council of unit owners or the body delegated in the bylaws of a condominium to carry out the responsibilities of the council of unit owners may adopt rules for the condominium if:

(i) Each unit owner is mailed or delivered:

1. A copy of the proposed rule;
2. Notice that unit owners are permitted to submit written comments on the proposed rule; and
3. Notice of the proposed effective date of the proposed rule;

(ii) Subject to paragraph (2) of this subsection, before a vote is taken on the proposed rule, an open meeting is held to allow each unit owner or tenant to comment on the proposed rule; and

(iii) After notice has been given to unit owners as provided in this subsection, the proposed rule is passed at a regular or special meeting by a majority vote of those present and voting of the council of unit owners or the body delegated in the bylaws of the condominium to carry out the responsibilities of the council of unit owners.

(2) A meeting held under paragraph (1)(ii) of this subsection may not be held unless:

(i) Each unit owner receives written notice at least 15 days before the meeting; and

(ii) A quorum of the council of unit owners or the body delegated in the bylaws of the condominium to carry out the responsibilities of the council of unit owners is present.

(b) (1) The vote on the proposed rule shall be final unless:

(i) Within 15 days after the vote, to adopt the proposed rule, 15 percent of the council of unit owners sign and file a petition with the body that voted to adopt the proposed rule, calling for a special meeting;

(ii) A quorum of the council of unit owners attends the meeting; and

(iii) At the meeting, 50 percent of the unit owners present and voting disapprove the proposed rule, and the unit owners voting to disapprove the proposed rule are more than 33 percent of the total votes in the condominium.

(2) During the special meetings held under paragraph (1) of this subsection, unit owners, tenants, and mortgagees may comment on the proposed rule.

(3) A special meeting held under paragraph (1) of this subsection shall be held:

(i) After the unit owners and any mortgagees have at least 15 days' written notice of the meeting; and

(ii) Within 30 days after the day on which the petition is received by the body.

(c) (1) Each unit owner or tenant may request an individual exception to a rule adopted while the individual was the unit owner or tenant of the condominium.

(2) The request for an individual exception under paragraph (1) of this subsection shall be:

(i) Written;

(ii) Filed with the body that voted to adopt the proposed rule;

and

(iii) Filed within 30 days after the effective date of the rule.

(d) (1) Each rule adopted under this section shall state that the rule was adopted under the provisions of this section.

(2) A rule may not be adopted under this section after July 1, 1984 if the rule is inconsistent with the condominium declaration or bylaws.

(3) This section does not apply to rules adopted before July 1, 1984.

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§11-111.3.

(a) This section does not apply to the distribution of information or materials at any time before the unit owners elect officers or a board of directors in accordance with § 11-109(c)(16) of this title.

(b) In this section, the door-to-door distribution of any of the following information or materials may not be considered a distribution for purposes of determining the manner in which a governing body distributes information or materials under this section:

(1) Any information or materials reflecting the assessments imposed on unit owners in accordance with a recorded covenant, the declaration, bylaw, or rule of the condominium; and

(2) Any meeting notices of the governing body.

(c) Except for reasonable restrictions to the time of distribution, a recorded covenant or restriction, a provision in a declaration, or a provision of the bylaws or rules of a condominium may not restrict a unit owner from distributing written information or materials regarding the operation of or matters relating to the operation of the condominium in any manner or place that the governing body distributes written information or materials.

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§11-113.

(a) Unless the declaration or bylaws state otherwise, the dispute settlement mechanism provided by this section is applicable to complaints or demands formally arising on or after October 1, 2022.

(b) (1) The council of unit owners or board of directors may not impose a fine, suspend voting, or infringe upon any other rights of a unit owner or other occupant for violations of rules until the procedures in this subsection are followed.

(2) A written demand to cease and desist from an alleged violation shall be provided to the alleged violator specifying:

(i) The alleged violation;

(ii) The action required to abate the violation; and

(iii) A time period, not less than 15 days, during which the violation may be abated without further sanction, if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and opportunity for hearing if the violation is not continuing.

(3) Within 12 months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is violated subsequently, the board shall provide the alleged violator, at the alleged violator's address of record, with a written notice of the alleged violator's right to request a hearing to be held by the board in executive session containing:

(i) The nature of the alleged violation;

(ii) The procedures for requesting a hearing at which the alleged violator may produce any statement, evidence, or witnesses on behalf of the alleged violator;

(iii) The period of time for requesting a hearing, which may not be less than 10 days from the giving of the notice; and

(iv) The proposed sanction to be imposed.

(4) (i) If the alleged violator requests a hearing within the period of time specified in the notice provided under paragraph (3) of this subsection, the board shall provide the alleged violator with written notice of the time and place of the hearing, which time may not be less than 10 days after the date the request for a hearing was provided.

(ii) 1. At the hearing, the alleged violator has the right to present evidence and present and cross-examine witnesses.

2. The hearing shall be held in executive session pursuant to this notice and shall afford the alleged violator a reasonable opportunity to be heard.

3. A. Prior to the taking effect of any sanction hereunder, proof of notice shall be entered in the minutes of the meeting.

B. The proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of providing the notice, is entered in the minutes by the officer or director who provided the notice.

C. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting.

4. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(5) If the alleged violator does not request a hearing within the period of time specified in the notice provided under paragraph (3) of this subsection, the board, at the next meeting, shall deliberate as to whether the violation occurred and decide whether a sanction is appropriate for the violation.

(6) A decision in accordance with these procedures shall be appealable to the courts of Maryland.

(c) (1) If any unit owner fails to comply with this title, the declaration, or bylaws, or a decision rendered in accordance with this section, the unit owner may be sued for damages caused by the failure or for injunctive relief, or both, by the council of unit owners or by any other unit owner. ~~§~~

(2) The prevailing party in any proceeding under this subsection is entitled to an award for counsel fees as determined by court.

(d) The failure of the council of unit owners to enforce a provision of this title, the declaration, or bylaws on any occasion is not a waiver of the right to enforce the provision on any other occasion.

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§11-114.

(a) Commencing not later than the time of the first conveyance of a unit to a person other than the developer, the council of unit owners shall maintain, to the extent reasonably available:

(1) Property insurance on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer, insuring against those risks of direct physical loss commonly insured against, in amounts determined by the council of unit owners but not less than any amounts specified in the declaration or bylaws; and

(2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the council of unit owners, but not less than any amount specified in the declaration or bylaws, covering occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

(b) The council of unit owners shall give notice to all unit owners of the termination of any insurance policy within 10 days of termination. The declaration or bylaws may require the council of unit owners to carry any other insurance, and the council of unit owners in any event may carry any other insurance it deems appropriate to protect the council of unit owners or the unit owners.

(c) Insurance policies carried pursuant to subsection (a) of this section shall provide that:

(1) For property and casualty losses to the common elements and the units, exclusive of improvements and betterments installed in the units by unit owners other than the developer, each unit owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the common elements or membership in the council of unit owners;

(2) The insurer waives its right to subrogation under the policy against any unit owner of the condominium or members of his household;

(3) An act or omission by any unit owner, unless acting within the scope of his authority on behalf of the council of unit owners, does not void the policy and is not a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) Any loss covered by the property policy under subsection (a)(1) of this section shall be adjusted with the council of unit owners, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the council of unit owners, and not to any mortgagee. The insurance trustee or the council of unit owners shall hold any insurance proceeds in trust for unit owners and lien holders as their interests may appear. Subject to the provisions of subsection (g) of this section, the proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units, and unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the common elements and units have been completely repaired or restored, or the condominium is terminated.

(e) An insurance policy issued to the council of unit owners does not prevent a unit owner from obtaining insurance for his own benefit.

(f) (1) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the council of unit owners and, upon request, to any unit owner, mortgagee, or beneficiary under a deed of trust.

(2) An insurer may cancel an insurance policy issued under this section in accordance with § 27-603 of the Insurance Article.

(g) (1) Any portion of the common elements and the units, exclusive of improvements and betterments installed in the units by unit owners other than the developer, damaged or destroyed shall be repaired or replaced promptly by the council of unit owners unless:

(i) The condominium is terminated;

(ii) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or

(iii) 80 percent of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

(2) (i) 1. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

2. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds.

(ii) If the cause of any damage to or destruction of any portion of the condominium originates from the common elements or an event outside of the condominium units and common elements, the council of unit owners' property insurance deductible is a common expense.

(iii) 1. If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the owner of the unit where the cause of the damage or destruction originated is responsible for the council of unit owners' property insurance deductible not to exceed \$10,000.

2. The council of unit owners shall inform each unit owner annually in writing of:

A. The unit owner's responsibility for the council of unit owners' property insurance deductible; and

B. The amount of the deductible.

3. The council of unit owners' property insurance deductible amount exceeding the \$10,000 responsibility of the unit owner is a common expense.

(iv) In the same manner as provided under § 11-110 of this title, the council of unit owners may make an annual assessment against the unit owner responsible under subparagraph (iii) of this paragraph.

(3) If the damaged or destroyed portion of the condominium is not repaired or replaced:

(i) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium;

(ii) The insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were assigned; and

(iii) The remainder of the proceeds shall be distributed to all the unit owners in proportion to their percentage interest in the common elements.

(4) If the unit owners vote not to rebuild any unit, that unit's entire common element interest, votes in the council of unit owners, and common expense

liability are automatically reallocated upon the vote as if the unit had been condemned under § 11-112 of this title, and the council of unit owners promptly shall prepare, execute, and record an amendment to the declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, § 11-123 of this title governs the distribution of insurance proceeds if the condominium is terminated.

(h) The council of unit owners shall maintain and make available for inspection a copy of all insurance policies maintained by the council of unit owners.

(i) The provisions of this section do not apply to a condominium all of whose units are intended for nonresidential use.

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§11-114.1.

(a) In this section, "fidelity insurance" includes a fidelity bond.

(b) This section does not apply to a condominium:

(1) That has four or fewer units; and

(2) For which 3 months' worth of gross annual assessments is less than \$2,500.

(c) (1) The council of unit owners or other governing body of a condominium shall purchase fidelity insurance not later than the time of the first conveyance of a unit to a person other than the developer and shall keep fidelity insurance in place for each year thereafter.

(2) The fidelity insurance required under paragraph (1) of this subsection shall provide for the indemnification of the condominium against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts by:

Since
2011

(i) Any officer, director, managing agent, or other agent or employee charged with the operation or maintenance of the condominium who controls or disburses funds; and

(ii) Any management company employing a management agent or other employee charged with the operation or maintenance of the condominium who controls or disburses funds.

(d) A copy of the fidelity insurance policy or fidelity bond shall be included in the books and records kept and made available by the council of unit owners under § 11-116 of this title.

(e) (1) The amount of the fidelity insurance required under subsection (c) of this section shall equal at least the lesser of:

(i) 3 months' worth of gross annual assessments and the total amount held in all investment accounts at the time the fidelity insurance is issued; or

(ii) \$3,000,000.

(2) The total liability of the insurance to all insured persons under the fidelity insurance may not exceed the sum of the fidelity insurance.

(f) If a unit owner believes that the council of unit owners or other governing body of a condominium has failed to comply with the requirements of this section, the aggrieved unit owner may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General under § 11–130 of this title.

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§11-116.

(a) The council of unit owners shall keep books and records in accordance with good accounting practices on a consistent basis.

(b) On the request of the unit owners of at least 5 percent of the units, the council of unit owners shall cause an audit of the books and records to be made by an independent certified public accountant, provided an audit shall be made not more than once in any consecutive 12-month period. The cost of the audit shall be a common expense.

(c) (1) (i) Except as provided in paragraph (3) of this subsection, all books and records, including insurance policies, kept by the council of unit owners shall be maintained in Maryland or within 50 miles of its borders and shall be available at some place designated by the council of unit owners for examination or copying, or both, by any unit owner, a unit owner's mortgagee, or their respective duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

(ii) If a unit owner requests in writing a copy of financial statements of the condominium or the minutes of a meeting of the board of directors or other governing body of the condominium to be delivered, the board of directors or other governing body of the condominium shall compile and send the requested information by mail, electronic transmission, or personal delivery:

1. Within 21 days after receipt of the written request, if the financial statements or minutes were prepared within the 3 years immediately preceding receipt of the request; or

2. Within 45 days after receipt of the written request, if the financial statements or minutes were prepared more than 3 years before receipt of the request.

(2) Books and records required to be made available under paragraph (1) of this subsection shall first be made available to a unit owner not later than 15 business days after a unit is conveyed from a developer and the unit owner requests to examine or copy the books and records.

(3) Books and records kept by or on behalf of a council of unit owners may be withheld from public inspection, except for inspection by the person who is

the subject of the record or the person's designee or guardian, to the extent that they concern:

(i) Personnel records, not including information on individual salaries, wages, bonuses, and other compensation paid to employees;

(ii) An individual's medical records;

(iii) An individual's personal financial records, including assets, income, liabilities, net worth, bank balances, financial history or activities, and creditworthiness;

(iv) Records relating to business transactions that are currently in negotiation;

(v) The written advice of legal counsel; or

(vi) Minutes of a closed meeting of the board of directors or other governing body of the council of unit owners, unless a majority of a quorum of the board of directors or governing body that held the meeting approves unsealing the minutes or a recording of the minutes for public inspection.

(d) (1) Except for a reasonable charge imposed on a person desiring to review or copy the books and records or who requests delivery of information, the council of unit owners may not impose any charges under this section.

(2) A charge imposed under paragraph (1) of this subsection for copying books and records may not exceed the limits authorized under Title 7, Subtitle 2 of the Courts Article.

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§11-119.

A person may bring suit against the council of unit owners, or against the condominium unit owners as a whole in any cause relating to the common elements, by service as follows:

(1) If the council of unit owners is a corporation, in the same manner as the Maryland Rules authorize service on a corporation; or

(2) If the council of unit owners is not a corporation, in the same manner as the Maryland Rules authorize service on an unincorporated association.

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§11-123.

(a) Except in the case of a taking of all the units by eminent domain under § 11-112 of this title, a condominium may be terminated only by agreement of unit owners of units to which at least 80 percent of the votes in the council of unit owners are allocated, or any larger percentage the declaration specifies. The declaration may specify a smaller percentage only if all of the units in the condominium are restricted exclusively to nonresidential uses.

(b) An agreement of unit owners to terminate a condominium must be evidenced by their execution of a termination agreement or ratifications thereof. If, pursuant to a termination agreement, the real estate constituting the condominium is to be sold following termination, the termination agreement must set forth the terms of the sale. A termination agreement and all ratifications thereof must be recorded in every county in which a portion of the condominium is situated, and is effective only upon recordation.

(c) The council of unit owners, on behalf of the unit owners, may contract for the sale of the condominium, but the contract is not binding on the unit owners until approved pursuant to subsections (a) and (b) of this section. If the real estate constituting the condominium is to be sold following termination, title to that real estate, upon termination, vests in the council of unit owners as trustee for the holders of all interest in the units. Thereafter, the council of unit owners has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the council of unit owners continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to unit owners and lien holders as their interests may appear, in proportion to the respective interests of unit owners as provided in subsection (f) of this section. Unless otherwise specified in the termination agreement, as long as the council of unit owners holds title to the real estate, each unit owner and his successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted his unit. During the period of that occupancy, each unit owner and his successors in interest remain liable for all assessments and other obligations imposed on unit owners by this title or the declaration.

(d) If the real estate constituting the condominium is not to be sold following termination, title to the real estate, upon termination, vests in the unit owners as tenants in common in proportion to their respective interests as provided in subsection (f) of this section, and liens on the units shift accordingly. While the tenancy in common exists, each unit owner and his successors in interest have an

exclusive right to occupancy of the portion of the real estate that formerly constituted his unit.

(e) Following termination of the condominium, and after payment of or provision for the claims of the creditors of the council of unit owners, the assets of the council of unit owners shall be distributed to unit owners in proportion to their respective interests as provided in subsection (f) of this section. The proceeds of sale described in subsection (c) of this section and held by the council of unit owners as trustee are not assets of the council of unit owners.

(f) The respective interests of unit owners referred to in subsections (c), (d), and (e) of this section are as follows:

(1) Except as provided in paragraph (2) of this subsection, the respective interests of unit owners are the fair market values of their units, limited common elements, and common element interests immediately before the termination, as determined by one or more independent appraisers selected by the council of unit owners. The decision of the independent appraisers shall be distributed to the unit owners and becomes final unless disapproved within 30 days after distribution by unit owners of units to which 25 percent of the votes are allocated. The proportion of any unit owner's interest to that of all unit owners is determined by dividing the fair market value of that unit owner's unit and common element interest by the total fair market values of all the units and common elements.

(2) If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all unit owners are their respective common element interests immediately before the termination.

(g) Foreclosure or enforcement of a lien or encumbrance against the entire condominium does not of itself terminate the condominium, and foreclosure or enforcement of a lien or encumbrance against a portion of the condominium does not withdraw that portion from the condominium.

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§11-125.

(a) The existing physical boundaries of any unit or common element constructed or reconstructed in substantial conformity with the condominium plat shall be conclusively presumed to be its boundaries, regardless of the shifting, settlement, or lateral movement of any building and regardless of minor variations between the physical boundaries as described in the declaration or shown on the condominium plat and the existing physical boundaries of any such unit or common element. This presumption applies only to encroachments within the condominium.

(b) If any portion of any common element encroaches on any unit or if any portion of a unit encroaches on any common element or any other unit, as a result of the duly authorized construction or repair of a building, a valid easement for the encroachment and for the maintenance of the encroachment exists so long as the building stands.

(c) An easement for mutual support shall exist in the units and common elements.

(d) The grant or other disposition of a condominium unit shall include and grant, and be subject to, any easement arising under the provisions of this section without specific or particular reference to the easement.

(e) (1) The council of unit owners or its authorized designee shall have an irrevocable right and an easement to enter units to investigate damage or make repairs when the investigation or repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium.

(2) Except in cases involving manifest danger to public safety or property, the council of unit owners shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of investigation or repair.

(3) If damage is inflicted on the common elements or any unit through which access is taken, the council of unit owners is liable for the prompt repair.

(4) An entry by the council of unit owners for the purposes specified in this subsection may not be considered a trespass.

(f) (1) The declaration or bylaws may give the council of unit owners authority to grant easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests affecting the common elements of the condominium if the grant is approved by the affirmative vote of unit owners having 66 2/3 percent or more of the votes, and with the express written consent of the mortgagees holding an interest in those units as to which unit owners vote affirmatively. Any easement, right-of-way, license, or similar interest granted by the council of unit owners under this subsection shall state that the grant was approved by unit owners having at least 66 2/3 percent of the votes, and by the corresponding mortgagees.

(2) The board of directors may, by majority vote, grant easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests for the provision of utility services or communication systems for the exclusive benefit of units within the condominium regime. These actions by the board of directors are subject to the following requirements:

(i) The action shall be taken at a meeting of the board held after at least 30-days' notice to all unit owners and mortgagees of record with the condominium;

(ii) At the meeting, the board may not act until all unit owners and mortgagees shall be afforded a reasonable opportunity to present their views on the proposed easement, right-of-way, license, lease, or similar interest;

(iii) The easement, right-of-way, license, lease, or similar interest shall contain the following provisions:

1. The service or system shall be installed or affixed to the premises at no cost to the individual unit owners or the council of unit owners other than charges normally paid for like services by residents of similar or comparable dwelling units within the same area;

2. The unit owners and council of unit owners shall be indemnified for any damage arising out of the installation of the service or system; and

3. The board of directors shall be provided the right to approve of the design for installation of the service or system in order to insure that the installation conforms to any conditions which are reasonable to protect the safety, functioning, and appearance of the premises.

(3) By majority vote, the board of directors may grant to the State perpetual easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests affecting the common elements of the condominium for bulkhead

construction, dune construction or restoration, beach replenishment, or periodic maintenance and replacement construction, on Maryland's ocean beaches, including rights in the State to restrict access to dune areas. These actions by the board of directors are subject to the following requirements:

(i) The action shall be taken at a meeting of the board held after at least 30-days' notice to all unit owners and mortgagees of record with the condominium; and

(ii) At the meeting, the board may not act until all unit owners and mortgagees shall be afforded a reasonable opportunity to present their views on the proposed easement, right-of-way, license, lease, or similar interest.

(4) By majority vote, the board of directors **may settle an eminent** domain proceeding or grant to the State or any county, municipality, or agency or instrumentality thereof with condemnation authority, perpetual easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests affecting the common elements of the condominium for road, highway, sidewalk, bikeway, storm drain, sewer, water, utility, and similar public purposes. These actions by the board of directors are subject to the following requirements:

(i) The action shall be taken at a meeting of the board held after at least 60-days' notice to all unit owners and all first mortgagees listed with the condominium;

(ii) The notice shall include information provided by the condemnation authority that describes the purpose and the extent of the property being acquired for public use; and

(iii) At the meeting, the board may not act until all unit owners and mortgagees in attendance have been afforded a reasonable opportunity to present their views on the proposed easement, right-of-way, license, lease, or similar interest.

(5) The action of the board of directors granting any easement, right-of-way, license, lease, or similar interest under paragraphs (2), (3), or (4) of this subsection shall not be final until the following have occurred:

(i) Within 15 days after the vote by the board to grant an easement, right-of-way, license, lease, or similar interest, a petition may be filed with the board of directors signed by the **unit owners having at least 15 percent** of the votes calling for a special meeting of unit owners to vote on the question of a disapproval of the action of the board of directors granting such easement, right-of-

way, license, lease, or similar interest. If no such petition is received within 15 days, the decision of the board shall be final;

(ii) If a qualifying petition is filed, a special meeting shall be held no less than 15 days or more than 30 days from receipt of the petition. At the special meeting, if a quorum is not present, the decision of the board of directors shall be final;

(iii) 1. If a special meeting is held and 50 percent of the unit owners present and voting disapprove the grant, and the unit owners voting to disapprove the grant are more than 33 percent of the total votes in the condominium, then the grant shall be void; or

2. If the vote of the unit owners is not more than 33 percent of the total votes in the condominium, the decision of the board or council to make the grant shall be final;

(iv) Mortgagees shall receive notice of and be entitled to attend and speak at such special meeting; and

(v) Any easement, right-of-way, license, lease, or similar interest granted by the board of directors under the provisions of this subsection shall state that the grant was approved in accordance with the provisions of this subsection.

(6) The provisions of this subsection are applicable to all condominiums, regardless of the date they were established.

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HOUSE BILL 216

N1, M5

(4lr0542)

ENROLLED BILL

— *Environment and Transportation/Judicial Proceedings* —

Introduced by **Delegate Charkoudian**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Condominiums – Common Elements – Clean Energy Equipment**

3 FOR the purpose of authorizing ~~certain governing bodies~~ *the board of directors* of a
4 condominium to grant certain interests affecting the common elements of the
5 condominium for the installation and use of leased clean energy equipment; and
6 generally relating to the common elements of a condominium and leased clean
7 energy equipment.

8 BY repealing and reenacting, with amendments,

9 Article – Real Property

10 Section 11–125

11 Annotated Code of Maryland

12 (2023 Replacement Volume)

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.

Italics indicate opposite chamber / conference committee amendments.



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

3 **Article – Real Property**

4 11–125.

5 (a) The existing physical boundaries of any unit or common element constructed
6 or reconstructed in substantial conformity with the condominium plat shall be conclusively
7 presumed to be its boundaries, regardless of the shifting, settlement, or lateral movement
8 of any building and regardless of minor variations between the physical boundaries as
9 described in the declaration or shown on the condominium plat and the existing physical
10 boundaries of any such unit or common element. This presumption applies only to
11 encroachments within the condominium.

12 (b) If any portion of any common element encroaches on any unit or if any portion
13 of a unit encroaches on any common element or any other unit, as a result of the duly
14 authorized construction or repair of a building, a valid easement for the encroachment and
15 for the maintenance of the encroachment exists so long as the building stands.

16 (c) An easement for mutual support shall exist in the units and common
17 elements.

18 (d) The grant or other disposition of a condominium unit shall include and grant,
19 and be subject to, any easement arising under the provisions of this section without specific
20 or particular reference to the easement.

21 (e) (1) The council of unit owners or its authorized designee shall have an
22 irrevocable right and an easement to enter units to investigate damage or make repairs
23 when the investigation or repairs reasonably appear necessary for public safety or to
24 prevent damage to other portions of the condominium.

25 (2) Except in cases involving manifest danger to public safety or property,
26 the council of unit owners shall make a reasonable effort to give notice to the owner of any
27 unit to be entered for the purpose of investigation or repair.

28 (3) If damage is inflicted on the common elements or any unit through
29 which access is taken, the council of unit owners is liable for the prompt repair.

30 (4) An entry by the council of unit owners for the purposes specified in this
31 subsection may not be considered a trespass.

32 (f) (1) **[The] EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS**
33 **SUBSECTION, THE** declaration or bylaws may give the council of unit owners authority to
34 grant easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests
35 affecting the common elements of the condominium if the grant is approved by the

1 affirmative vote of unit owners having [66 2/3 percent] **TWO-THIRDS** or more of the votes,
2 and with the express written consent of the mortgagees holding an interest in those units
3 as to which unit owners vote affirmatively. Any easement, right-of-way, license, or similar
4 interest granted by the council of unit owners under this subsection shall state that the
5 grant was approved by unit owners having at least [66 2/3 percent] **TWO-THIRDS** of the
6 votes, and by the corresponding mortgagees.

7 (2) [The] **EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS**
8 **SUBSECTION,** THE board of directors may, by majority vote, grant easements,
9 rights-of-way, licenses, leases in excess of 1 year, or similar interests for the provision of
10 utility services or communication systems for the exclusive benefit of units within the
11 condominium regime. These actions by the board of directors are subject to the following
12 requirements:

13 (i) The action shall be taken at a meeting of the board held after at
14 least 30-days' notice to all unit owners and mortgagees of record with the condominium;

15 (ii) At the meeting, the board may not act until all unit owners and
16 mortgagees shall be afforded a reasonable opportunity to present their views on the
17 proposed easement, right-of-way, license, lease, or similar interest; **AND**

18 (iii) The easement, right-of-way, license, lease, or similar interest
19 shall contain the following provisions:

20 1. The service or system shall be installed or affixed to the
21 premises at no cost to the individual unit owners or the council of unit owners other than
22 charges normally paid for like services by residents of similar or comparable dwelling units
23 within the same area;

24 2. The unit owners and council of unit owners shall be
25 indemnified for any damage arising out of the installation of the service or system; and

26 3. The board of directors shall be provided the right to
27 approve of the design for installation of the service or system in order to insure that the
28 installation conforms to any conditions which are reasonable to protect the safety,
29 functioning, and appearance of the premises.

30 (3) By majority vote, the board of directors may grant to the State
31 perpetual easements, rights-of-way, licenses, leases in excess of 1 year, or similar interests
32 affecting the common elements of the condominium for bulkhead construction, dune
33 construction or restoration, beach replenishment, or periodic maintenance and replacement
34 construction, on Maryland's ocean beaches, including rights in the State to restrict access
35 to dune areas. These actions by the board of directors are subject to the following
36 requirements:

1 (i) The action shall be taken at a meeting of the board held after at
2 least 30-days' notice to all unit owners and mortgagees of record with the condominium;
3 and

4 (ii) At the meeting, the board may not act until all unit owners and
5 mortgagees shall be afforded a reasonable opportunity to present their views on the
6 proposed easement, right-of-way, license, lease, or similar interest.

7 (4) By majority vote, the board of directors may settle an eminent domain
8 proceeding or grant to the State or any county, municipality, or agency or instrumentality
9 thereof with condemnation authority, perpetual easements, rights-of-way, licenses, leases
10 in excess of 1 year, or similar interests affecting the common elements of the condominium
11 for road, highway, sidewalk, bikeway, storm drain, sewer, water, utility, and similar public
12 purposes. These actions by the board of directors are subject to the following requirements:

13 (i) The action shall be taken at a meeting of the board held after at
14 least 60-days' notice to all unit owners and all first mortgagees listed with the
15 condominium;

16 (ii) The notice shall include information provided by the
17 condemnation authority that describes the purpose and the extent of the property being
18 acquired for public use; and

19 (iii) At the meeting, the board may not act until all unit owners and
20 mortgagees in attendance have been afforded a reasonable opportunity to present their
21 views on the proposed easement, right-of-way, license, lease, or similar interest.

22 (5) (I) IN THIS PARAGRAPH, "CLEAN ENERGY EQUIPMENT" MEANS
23 ELECTRIC VEHICLE RECHARGING EQUIPMENT, SOLAR ENERGY EQUIPMENT, AND
24 ENERGY STORAGE SYSTEMS.

25 (II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH,
26 THE BOARD OF DIRECTORS, BY A MAJORITY VOTE, ~~OR THE COUNCIL OF UNIT~~
27 ~~OWNERS, BY THE AFFIRMATIVE VOTE OF UNIT OWNERS HAVING AT LEAST 51% OF~~
28 ~~THE VOTES IN THE COUNCIL,~~ MAY GRANT LEASES IN EXCESS OF 1 YEAR OR SIMILAR
29 INTERESTS AFFECTING THE COMMON ELEMENTS OF THE CONDOMINIUM FOR THE
30 INSTALLATION AND USE OF LEASED CLEAN ENERGY EQUIPMENT.

31 (III) THE BOARD OF DIRECTORS MAY GRANT AN INTEREST
32 UNDER THIS PARAGRAPH ONLY AT A MEETING OF THE BOARD HELD AFTER AT LEAST
33 30-DAYS' NOTICE TO ALL UNIT OWNERS OF RECORD.

34 (IV) A MORTGAGEE OR GROUP OF MORTGAGEES MAY NOT
35 OVERRULE A VOTE TO GRANT AN INTEREST UNDER THIS PARAGRAPH.

1 **[(5)] (6)** The action of the board of directors granting any easement,
2 right-of-way, license, lease, or similar interest under paragraphs (2), (3), or (4) of this
3 subsection shall not be final until the following have occurred:

4 (i) Within 15 days after the vote by the board to grant an easement,
5 right-of-way, license, lease, or similar interest, a petition may be filed with the board of
6 directors signed by the unit owners having at least **[15 percent] 15%** of the votes calling
7 for a special meeting of unit owners to vote on the question of a disapproval of the action of
8 the board of directors granting such easement, right-of-way, license, lease, or similar
9 interest. If no such petition is received within 15 days, the decision of the board shall be
10 final;

11 (ii) If a qualifying petition is filed, a special meeting shall be held no
12 less than 15 days or more than 30 days from receipt of the petition. At the special meeting,
13 if a quorum is not present, the decision of the board of directors shall be final;

14 (iii) 1. If a special meeting is held and **[50 percent] 50%** of the
15 unit owners present and voting disapprove the grant, and the unit owners voting to
16 disapprove the grant are more than **[33 percent] 33%** of the total votes in the condominium,
17 then the grant shall be void; or

18 2. If the vote of the unit owners is not more than **[33 percent]**
19 **33%** of the total votes in the condominium, the decision of the board or council to make the
20 grant shall be final;

21 (iv) Mortgagees shall receive notice of and be entitled to attend and
22 speak at such special meeting; and

23 (v) Any easement, right-of-way, license, lease, or similar interest
24 granted by the board of directors under the provisions of this subsection shall state that
25 the grant was approved in accordance with the provisions of this subsection.

26 **[(6)] (7)** The provisions of this subsection are applicable to all
27 condominiums, regardless of the date they were established.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2024.

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§11-130.

(a) This section is intended to provide minimum standards for the protection of consumers in the State.

(b) (1) For purposes of this section, "consumer" means an actual or prospective purchaser, lessee, assignee or recipient of a condominium unit.

(2) "Consumer" includes a co-obligor or surety for a consumer.

(c) (1) To the extent that a violation of any provision of this title affects a consumer, that violation shall be within the scope of the enforcement duties and powers of the Division of Consumer Protection of the Office of the Attorney General, as described in Title 13 of the Commercial Law Article.

(2) The provisions of this title shall otherwise be enforced by each agency of the State within the scope of its authority.

(d) A county or incorporated municipality, or an agency of any of those jurisdictions, may adopt laws or ordinances for the protection of a consumer to the extent and in the manner provided for under § 13-103 of the Commercial Law Article.

(e) Within 30 days of the effective date of a law, ordinance, or regulation enacted under this section which is expressly applicable to condominiums, the local jurisdiction shall forward a copy of the law, ordinance or regulation to the Secretary of State.

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§11-135.

(a) Except as provided in subsection (b) of this section, a contract for the resale of a unit by a unit owner other than a developer is not enforceable unless the contract of sale contains in conspicuous type a notice in the form specified in subsection (g)(1) of this section, and the unit owner furnishes to the purchaser not later than 15 days prior to closing:

- (1) A copy of the declaration (other than the plats);
- (2) The bylaws;
- (3) The rules or regulations of the condominium;
- (4) A certificate containing:

(i) A statement disclosing the effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit other than any restraint created by the unit owner;

(ii) A statement setting forth the amount of the common expense assessment and any unpaid common expense or special assessment adopted by the council of unit owners that is due and payable from the selling unit owner;

(iii) A statement of any other fees payable by the unit owners to the council of unit owners;

(iv) A statement of any capital expenditures approved by the council of unit owners planned at the time of the conveyance which are not reflected in the current operating budget disclosed under item (vi) of this item;

(v) The most recent regularly prepared balance sheet and income expense statement, if any, of the condominium;

(vi) The current operating budget of the condominium including the current reserve study report or a summary of the report, a statement of the status and amount of any reserve or replacement fund, or a statement that there is no reserve fund;

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§11-131.

(a) The implied warranties provided in this section may not be excluded or modified.

(b) (1) The warranties provided in §§ 10-202 and 10-203 of this article apply to all sales by developers under this title. For the purposes of this article, a newly constructed dwelling unit means a newly constructed or newly converted condominium unit and its appurtenant undivided fee simple interest in the common areas.

(2) If a developer grants an improvement to an intermediate purchaser to evade any liability to a purchaser imposed by the provisions of this section, or by § 10-202 or § 10-203 of this article, the developer is liable on the subsequent sale of the improvement by the intermediate purchaser as if the subsequent sale had been effectuated by the developer without regard to the intervening grant.

(c) In addition to the implied warranties set forth in § 10-203 of this article there shall be an implied warranty on an individual unit from a developer to a unit owner. The warranty on an individual unit commences with the transfer of title to that unit and extends for a period of 1 year. The warranty shall provide:

(1) That the developer is responsible for correcting any defects in materials or workmanship in the construction of walls, ceilings, floors, and heating and air conditioning systems in the unit; and

(2) That the heating and any air conditioning systems have been installed in accordance with acceptable industry standards and:

(i) That the heating system is warranted to maintain a 70°F temperature inside with the outdoor temperature and winds at the design conditions established by the Energy Conservation Building Standards Act, Title 7, Subtitle 4 of the Public Utilities Article, or those established by the political subdivision as provided in Title 7, Subtitle 4 of the Public Utilities Article; and

(ii) That the air conditioning system is warranted to maintain a 78°F temperature inside with the outdoor temperature at the design conditions established by Title 7, Subtitle 4 of the Public Utilities Article, or those established

by the political subdivision as provided in Title 7, Subtitle 4 of the Public Utilities Article.

(d) (1) In addition to the implied warranties set forth in § 10-203 of this article there shall be an implied warranty on common elements from a developer to the council of unit owners. The warranty shall apply to: the roof, foundation, external and supporting walls, mechanical, electrical, and plumbing systems, and other structural elements.

(2) The warranty shall provide that the developer is responsible for correcting any defect in materials or workmanship, and that the specified common elements are within acceptable industry standards in effect when the building was constructed.

(3) (i) The warranty on common elements commences with the first transfer of title to a unit owner.

(ii) The warranty of any common elements not completed at the first transfer of title to a unit owner shall commence with the completion of that element or with its availability for use by all unit owners, whichever occurs later.

(iii) The warranty extends for a period of 3 years from commencement under subparagraph (i) or (ii) of this paragraph or 2 years from the date on which the unit owners, other than the developer and its affiliates, first elect a controlling majority of the members of the board of directors for the council of unit owners, whichever occurs later.

(4) A suit for enforcement of the warranty on general common elements shall be brought only by the council of unit owners. A suit for enforcement of the warranty on limited common elements may be brought by the council of unit owners or any unit owner to whose use it is reserved.

(e) Notice of defect shall be given within the warranty period and suit for enforcement of the warranty shall be brought within 1 year of the warranty period.

(f) (1) Warranties shall not apply to any defects caused through abuse or failure to perform maintenance by a unit owner or the council of unit owners.

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

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§11-134.1.

(a) In this section, "vendor" has the meaning stated in § 10-201 of this article.

(b) This section does not apply to:

(1) A unit that is occupied and used solely for nonresidential purposes;

(2) An agreement or other instrument entered into by a developer or vendor and a council of unit owners for the purpose of settling a disputed claim after the date on which the unit owners, other than the developer and its affiliates, first elect a controlling majority of the members of the board of directors for the council of unit owners; or

(3) An agreement or other instrument entered into by a developer or vendor and a unit owner for the purpose of settling a disputed claim after the date the unit is conveyed to the purchaser of the unit.

(c) (1) Any provision of a declaration, a bylaw, a contract for the initial sale of a unit to a member of the public, or any other instrument made by a developer or vendor in accordance with this title shall be unenforceable if the provision:

(i) Shortens the statute of limitations applicable to any claim;

(ii) Waives the application of the discovery rule or other accrual date applicable to a claim;

(iii) Requires a unit owner or the council of unit owners to assert a claim subject to arbitration within a period of time that is shorter than the statute of limitations applicable to the claim; or

(iv) Operates to prevent a unit owner or the council of unit owners from filing a lawsuit, initiating arbitration proceedings for a claim subject to arbitration, or otherwise asserting a claim within the statute of limitations applicable to the claim.

(2) (i) A board of directors shall disclose to the council of unit owners any agreement by the board of directors for the purpose of settling a disputed

common element warranty claim under § 11–131 of this title at least 21 days before the execution of the agreement.

(ii) A nondisclosure provision in an agreement under subparagraph (i) of this paragraph may not prohibit disclosure by the board of directors to the council of unit owners.

(3) Paragraph (1) of this subsection applies only to a provision relating to any right of a unit owner or council of unit owners to bring a claim under applicable law alleging the failure to comply with:

- (i) Applicable building codes;
- (ii) Plans and specifications approved by a county or municipality;
- (iii) Manufacturer's installation instructions; or
- (iv) Warranty provisions under § 10–203 of this article and § 11–131 of this title.

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(vii) A statement of any unsatisfied judgments or pending lawsuits to which the council of unit owners is a party, excluding assessment collection suits;

(viii) A statement generally describing any insurance policies provided for the benefit of unit owners, a notice that copies of the policies are available for inspection, stating the location at which the copies are available, and a notice that the terms of the policy prevail over the description;

(ix) A statement as to whether the council of unit owners has actual knowledge of any violation of the health or building codes with respect to the common elements of the condominium;

(x) A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the council of unit owners, and a statement as to whether or not they are to be a part of the common elements; and

(xi) 1. A statement as to whether the council of unit owners has entered into any agreement that settles or releases the council of unit owners' claims related to common element warranties under § 11-131 of this title; and

2. A statement as to whether the board of directors has disclosed to the council of unit owners in accordance with § 11-134.1(c)(2) of this title, the board's intention to enter into an agreement for the purpose of settling a disputed common element warranty claim under § 11-131 of this title;

(5) A statement by the unit owner as to whether the unit owner has knowledge:

(i) That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules and regulations;

(ii) Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit;

(iii) That the unit is subject to an extended lease under § 11-137 of this title or under local law, and if so, a copy of the lease must be provided; and

(iv) Of the presence of asbestos in the unit, including a description of the location of the asbestos, and whether abatement has been performed in the unit during the occupancy of the owner; and

(6) A written notice of the unit owner's responsibility for the council of unit owners' property insurance deductible and the amount of the deductible.

(b) A contract for the resale by a unit owner other than a developer of a unit in a condominium containing less than 7 units is not enforceable unless the contract of sale contains in conspicuous type a notice in the form specified in subsection (g)(2) of this section, and the unit owner furnishes to the purchaser not later than 15 days prior to closing:

(1) A copy of the declaration (other than the plats);

(2) The bylaws;

(3) The rules and regulations of the condominium;

(4) A statement by the unit owner of the unit owner's expenses during the preceding 12 months relating to the common elements; and

(5) A written notice of the unit owner's responsibility for the council of unit owners' property insurance deductible and the amount of the deductible.

(c) (1) Except as provided in paragraph (4) of this subsection, the council of unit owners, within 20 days after a written request by a unit owner and receipt of a reasonable fee therefor, not to exceed the cost to the council of unit owners, if any, up to a maximum of \$250, shall furnish a certificate containing the information necessary to enable the unit owner to comply with subsection (a) of this section. A unit owner providing a certificate under subsection (a) of this section is not liable to the purchaser for any erroneous information provided by the council of unit owners and included in the certificate.

(2) In addition to the fee under paragraph (1) of this subsection, the council of unit owners is entitled to a reasonable fee not to exceed \$100 for an inspection of the unit owner's unit, if required.

(3) In addition to the fees under paragraphs (1) and (2) of this subsection, the council of unit owners is entitled to a reasonable fee:

(i) Not to exceed \$50 for delivery of the certificate within 14 days after the request for the certificate; and

(ii) Not to exceed \$100 for delivery of the certificate within 7 days after the request for the certificate.

(4) (i) The Department of Housing and Community Development shall adjust the maximum fee authorized under paragraph (1) of this subsection every 2 years, beginning October 1, 2018, to reflect any aggregate increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington Metropolitan Area, or any successor index, for the previous 2 years.

(ii) The Department of Housing and Community Development shall maintain on its website a list of the maximum fees authorized under paragraph (1) of this subsection as adjusted every 2 years in accordance with subparagraph (i) of this paragraph.

(5) With respect to the remaining information that the unit owner is required to disclose under subsection (a) of this section that is not provided by the council of unit owners and included in the certificate, a unit owner:

(i) Except as provided in item (ii) of this paragraph, is liable to the purchaser under this section for damages proximately caused by:

1. An untrue statement about a material fact; and

2. An omission of a material fact that is necessary to make the statements made not misleading, in light of the circumstances under which the statements were made; and

(ii) Is not liable to the purchaser under this section if the owner had, after reasonable investigation, reasonable grounds to believe, and did believe, at the time the information was provided to the purchaser, that the statements were true and that there was no omission to state a material fact necessary to make the statements made not misleading, in light of the circumstances under which the statements were made.

(d) A purchaser is not liable for any unpaid assessment or fee greater than the amount set forth in the certificate prepared by the council of unit owners. A unit owner is not liable to a purchaser for the failure or delay of the council of unit owners to provide the certificate in a timely manner.

(e) The rights of a purchaser under this section may not be waived in the contract of sale, and any attempted waiver is void. However, if a purchaser proceeds to closing, his right to rescind the contract under subsection (f) of this section is terminated.

(f) (1) Any purchaser may at any time within 7 days following receipt of all of the information required under subsection (a) or (b) of this section, whichever

is applicable, rescind in writing the contract of sale without stating any reason and without any liability on his part.

(2) The purchaser, upon rescission, is entitled to the return of any deposits made on account of the contract.

(3) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to a purchaser under this subsection shall comply with the procedures set forth in § 17-505 of the Business Occupations and Professions Article.

(g) (1) A notice given as required by subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form:

“NOTICE

The seller is required by law to furnish to you not later than 15 days prior to closing certain information concerning the condominium which is described in § 11-135 of the Maryland Condominium Act. This information must include at least the following:

- (i) A copy of the declaration (other than the plats);
- (ii) A copy of the bylaws;
- (iii) A copy of the rules and regulations of the condominium;
- (iv) A certificate containing:
 - 1. A statement disclosing the effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit, other than any restraint created by the unit owner;
 - 2. A statement of the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;
 - 3. A statement of any other fees payable by the unit owners to the council of unit owners;
 - 4. A statement of any capital expenditures approved by the council of unit owners or its authorized designee planned at the time of the conveyance which are not reflected in the current operating budget included in the certificate;

5. The most recently prepared balance sheet and income and expense statement, if any, of the condominium;

6. The current operating budget of the condominium, including details concerning the amount of the reserve fund for repair and replacement and its intended use, or a statement that there is no reserve fund;

7. A statement of any judgments against the condominium and the existence of any pending suits to which the council of unit owners is a party;

8. A statement generally describing any insurance policies provided for the benefit of the unit owners, a notice that the policies are available for inspection stating the location at which they are available, and a notice that the terms of the policy prevail over the general description;

9. A statement as to whether the council of unit owners has knowledge that any alteration or improvement to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules or regulations;

10. A statement as to whether the council of unit owners has knowledge of any violation of the health or building codes with respect to the unit, the limited common elements assigned to the unit, or any other portion of the condominium, including any violation of the health or building codes related to asbestos;

11. A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal of it;

12. A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the council of unit owners, and a statement as to whether or not they are to be a part of the common elements; and

13. A. A statement as to whether the council of unit owners has entered into any agreement that settles or releases the council of unit owners' claims related to common element warranties under § 11-131 of this title; and

B. A statement as to whether the board of directors has disclosed to the council of unit owners in accordance with § 11-134.1(c)(2) of this title,

the board's intention to enter into an agreement for the purpose of settling a disputed common element warranty claim under § 11-131 of this title; and

(v) A statement by the unit owner as to whether the unit owner has knowledge:

1. That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules and regulations.

2. Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit.

3. That the unit is subject to an extended lease under § 11-137 of this title or under local law, and if so, a copy of the lease must be provided.

4. Of the presence of asbestos in the unit, including a description of the location of the asbestos, and whether abatement has been performed in the unit during the occupancy of the owner.

You will have the right to cancel this contract without penalty, at any time within 7 days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated.”

(2) A notice given as required by subsection (b) of this section shall be sufficient for the purposes of this section if it is in substantially the following form:

“NOTICE

The seller is required by law to furnish to you not later than 15 days prior to closing certain information concerning the condominium which is described in § 11-135 of the Maryland Condominium Act. This information must include at least the following:

(1) A copy of the declaration (other than the plats);

(2) A copy of the bylaws;

(3) A copy of the rules and regulations of the condominium; and

(4) A statement by the seller of his expenses relating to the common elements during the preceding 12 months.

You will have the right to cancel this contract without penalty, at any time within 7 days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated.”.

(h) Upon any sale of a condominium unit, the purchaser or his agent shall provide to the council of unit owners to the extent available, the name and forwarding address of the prior unit owner, the name and address of the purchaser, the name and address of any mortgagee, the date of settlement, and the proportionate amounts of any outstanding condominium fees or assessments assumed by each of the parties to the transaction.

(i) This section does not apply to the sale of any unit which is to be used and occupied for nonresidential purposes.

(j) Subsections (a), (b), (c), (d), (e), (f), and (g) of this section do not apply to a sale of a unit in an action to foreclose a mortgage or deed of trust.

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§11-139.1.

(a) Notwithstanding language contained in the governing documents of a council of unit owners, the council of unit owners may provide notice of a meeting or deliver information to a unit owner by electronic transmission if:

(1) The governing body of the council of unit owners gives the council of unit owners the authority to provide notice of a meeting or deliver information by electronic transmission;

(2) The unit owner gives the council of unit owners prior written authorization to provide notice of a meeting or deliver information by electronic transmission; and

(3) An officer or agent of the council of unit owners certifies in writing that the council of unit owners has provided notice of a meeting or delivered material or information as authorized by the unit owner.

(b) Notice or delivery by electronic transmission shall be considered ineffective if:

(1) The council of unit owners is unable to deliver two consecutive notices; and

(2) The inability to deliver the electronic transmission becomes known to the person responsible for the sending of the electronic transmission.

(c) The inadvertent failure to deliver notice by electronic transmission does not invalidate any meeting or other action.

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§11-139.2.

(a) Notwithstanding language contained in the governing documents of the council of unit owners, the board of directors of the council of unit owners may authorize unit owners to submit a vote or proxy by electronic transmission if the electronic transmission contains information that verifies that the vote or proxy is authorized by the unit owner or the unit owner's proxy.

(b) If the governing documents of the council of unit owners require voting by secret ballot and the anonymity of voting by electronic transmission cannot be guaranteed, voting by electronic transmission shall be permitted if unit owners have the option of casting anonymous printed ballots.

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§11-139.3.

(a) (1) Notwithstanding language contained in the governing documents of the council of unit owners, the board of directors may authorize any meetings of the council of unit owners, the board of directors, or a committee of the council of unit owners or the board of directors to be conducted or attended by telephone conference, video conference, or similar electronic means.

(2) If a meeting is conducted by telephone conference, video conference, or similar electronic means, the equipment or system used must permit any unit owner, board member, or committee member in attendance to hear and be heard by all others participating in the meeting.

(3) A link or instructions on how to access the meeting by telephone conference, video conference, or similar electronic means shall be included in the notice of the meeting.

(4) No specific authorization from unit owners shall be required to hold a meeting electronically.

(b) Any unit owner, board member, or committee member attending a meeting by telephone conference, video conference, or similar electronic means shall be deemed present for quorum and voting purposes.

(c) (1) (i) Any matter requiring a vote of the council of unit owners may be set by the board of directors for a vote at the meeting, and a ballot may be delivered to unit owners with notice of the meeting.

(ii) Only those unit owners present during the telephone conference, video conference, or similar electronic meeting shall be authorized to vote by ballot in accordance with this subsection.

(iii) Unit owners who are not present at the meeting may:

1. Vote by proxy in accordance with the requirements of the governing documents and this title; and

2. Be considered present for quorum purposes through their proxy.

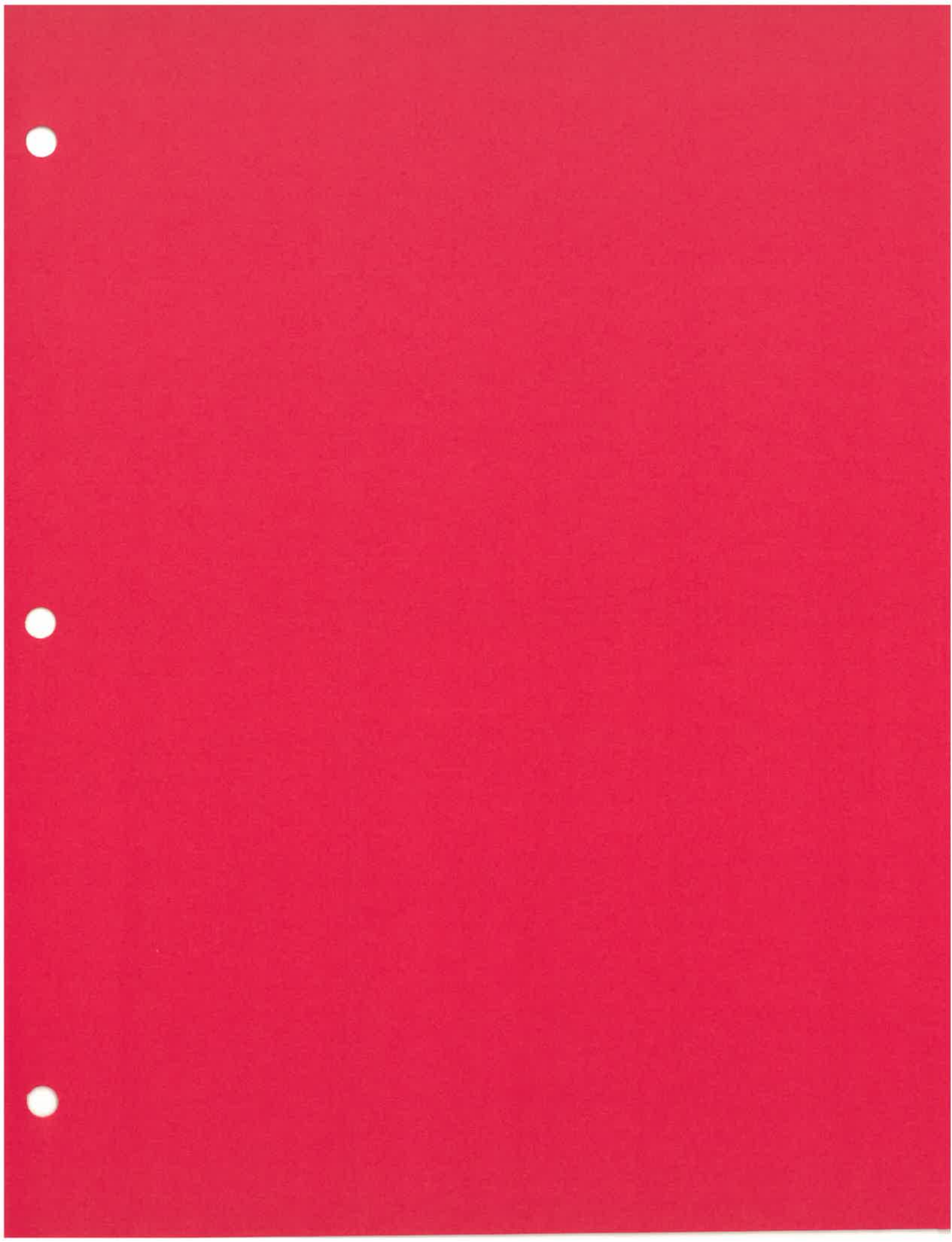
(2) (i) The board of directors may set a reasonable deadline for return of a ballot to the council of unit owners, including return by electronic transmission.

(ii) The deadline for return of the ballot shall be not later than 24 hours after the conclusion of the meeting.

(d) Notwithstanding language contained in the governing documents of the council of unit owners, nominations from the floor at the meeting are not required if at least one candidate has been nominated to fill each open board position.

(e) The inability of a unit owner to join a meeting due to technical difficulties with the unit owner's telephone, computer, or other electronic device does not invalidate the meeting or any action taken at the meeting.

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§11B-106.1.

(a) A meeting of the members of the homeowners association to elect a governing body of the homeowners association shall be held within:

(1) 60 days from the date that at least 75% of the total number of lots that may be part of the development after all phases are complete are sold to members of the public for residential purposes; or

(2) If a lesser percentage is specified in the governing documents of the homeowners association, 60 days from the date the specified lesser percentage of the total number of lots in the development after all phases are complete are sold to members of the public for residential purposes.

(b) (1) Before the date of the meeting held under subsection (a) of this section, the declarant shall deliver to each lot owner notice that the requirements of subsection (a) of this section have been met.

(2) The notice shall include the date, time, and place of the meeting to elect the governing body of the homeowners association.

(c) The term of each member of the governing body of the homeowners association appointed by the declarant shall end 10 days after the meeting under subsection (a) of this section is held, if a replacement board member is elected.

(d) Within 30 days from the date of the meeting held under subsection (a) of this section, the declarant shall deliver the following items to the governing body at the declarant's expense:

(1) The deeds to the common areas;

(2) Copies of the homeowners association's filed articles of incorporation, declaration, and all recorded covenants, plats, restrictions, and any other records of the primary development and of related developments;

(3) A copy of the bylaws and rules of the primary development and of other related developments as filed in the depository of the county in which the development is located;

(4) The minute books, including all minutes;

(5) Subject to the restrictions of § 11B–112 of this title, all books and records of the homeowners association, including financial statements, minutes of any meeting of the governing body, and completed business transactions;

(6) Any policies, rules, and regulations adopted by the governing body;

(7) The financial records of the homeowners association from the date of creation to the date of transfer of control, including budget information regarding estimated and actual expenditures by the homeowners association and any report relating to the reserves required for major repairs and replacement of the common areas of the homeowners association;

(8) A copy of all contracts to which the homeowners association is a party;

(9) The name, address, and telephone number of any contractor or subcontractor employed by the homeowners association;

(10) Any insurance policies in effect;

(11) Any permit or notice of code violations issued to the homeowners association by the county, local, State, or federal government;

(12) Any warranty in effect and all prior insurance policies;

(13) The homeowners association funds, including operating funds, replacement reserves, investment accounts, and working capital;

(14) The tangible property of the homeowners association;

(15) A roster of current lot owners, including their mailing addresses, telephone numbers, and lot numbers, if known;

(16) Individual member files and records, including assessment account records, correspondence, and notices of any violations; and

(17) Drawings, architectural plans, or other suitable documents setting forth the necessary information for location, maintenance, and repairs of all common areas.

(e) The replacement reserves delivered under subsection (d)(13) of this section shall be equal to at least the reserve funding amount recommended in the reserve study completed under § 11B–112.3 of this title as of the date of the meeting.

(f) (1) This subsection does not apply to a contract entered into before October 1, 2009.

(2) (i) In this subsection, “contract” means an agreement with a company or individual to handle financial matters, maintenance, or services for the homeowners association.

(ii) “Contract” does not include an agreement relating to the provision of utility services or communication systems.

(3) Until all members of the governing body are elected by the lot owners at a transitional meeting under subsection (a) of this section, a contract entered into by the governing body may be terminated, at the discretion of the governing body and without liability for the termination, not later than 30 days after notice.

(g) If the declarant fails to comply with the requirements of this section, an aggrieved lot owner may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General under § 11B–115(c) of this title.

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§11B-112.

(a) (1) (i) Subject to the provisions of paragraph (2) of this subsection, all books and records kept by or on behalf of the homeowners association shall be made available for examination or copying, or both, by a lot owner, a lot owner's mortgagee, or their respective duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

(ii) Books and records required to be made available under subparagraph (i) of this paragraph shall first be made available to a lot owner no later than 15 business days after a lot is conveyed by the declarant and the lot owner requests to examine or copy the books and records.

(iii) If a lot owner requests in writing a copy of financial statements of the homeowners association or the minutes of a meeting of the governing body of the homeowners association to be delivered, the governing body of the homeowners association shall compile and send the requested information by mail, electronic transmission, or personal delivery:

1. Within 21 days after receipt of the written request, if the financial statements or minutes were prepared within the 3 years immediately preceding receipt of the request; or

2. Within 45 days after receipt of the written request, if the financial statements or minutes were prepared more than 3 years before receipt of the request.

(2) Books and records kept by or on behalf of a homeowners association may be withheld from public inspection, except for inspection by the person who is the subject of the record or the person's designee or guardian, to the extent that they concern:

(i) Personnel records, not including information on individual salaries, wages, bonuses, and other compensation paid to employees;

(ii) An individual's medical records;

(iii) An individual's personal financial records, including assets, income, liabilities, net worth, bank balances, financial history or activities, and creditworthiness;

(iv) Records relating to business transactions that are currently in negotiation;

(v) The written advice of legal counsel; or

(vi) Minutes of a closed meeting of the governing body of the homeowners association, unless a majority of a quorum of the governing body of the homeowners association that held the meeting approves unsealing the minutes or a recording of the minutes for public inspection.

(b) (1) Except for a reasonable charge imposed on a person desiring to review or copy the books and records or who requests delivery of information, the homeowners association may not impose any charges under this section.

(2) A charge imposed under paragraph (1) of this subsection for copying books and records may not exceed the limits authorized under Title 7, Subtitle 2 of the Courts Article.

(c) (1) Each homeowners association that was in existence on June 30, 1987 shall deposit in the depository by December 31, 1988, and each homeowners association established subsequent to June 30, 1987 shall deposit in the depository by the later of the date 30 days following its establishment, or December 31, 1988, all disclosures, current to the date of deposit, specified:

(i) By § 11B-105(b) of this title except for those disclosures required by paragraphs (6)(i), (8), (9), and (12);

(ii) By § 11B-106(b) of this title except for those disclosures required by paragraphs (1), (2), (4), and (5)(i); and

(iii) By § 11B-107(b) of this title.

(2) Beginning January 1, 1989, within 30 days of the adoption of or amendment to any of the disclosures required by this title to be deposited in the depository, a homeowners association shall deposit the adopted or amended disclosures in the depository.

(3) If a homeowners association fails to deposit in the depository any of the disclosures required to be deposited by this section, or by § 11B-105(b)(6)(ii) or § 11B-106(b)(5)(ii) of this title, then those disclosures which were not deposited shall be unenforceable until the time they are deposited.

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§11B–112.1.

The declaration or bylaws of a homeowners association may provide for a late charge of \$15 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may be imposed only if the delinquency has continued for at least 15 calendar days.

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§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.

(c) The annual budget shall provide for at least the following items:

- (1) Income;
- (2) Administration;
- (3) Maintenance;
- (4) Utilities;
- (5) General expenses;
- (6) Reserves; and
- (7) Capital expenses.

(d) (1) Subject to paragraph (2) of this subsection, reserves provided for in the annual budget under subsection (c) of this section shall be the funding amount recommended in the most recent reserve study completed under § 11B-112.3 of this title.

(2) If the most recent reserve study was an initial reserve study, the governing body shall, within 3 fiscal years following the fiscal year in which the initial reserve study was completed, attain the annual reserve funding level recommended in the initial reserve study.

(e) (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) The board of directors or other governing body of a homeowners association shall submit the adopted annual budget to the lot owners not more than 30 days after the meeting at which the budget was adopted.

(ii) The adopted annual budget may be submitted to each lot owner by electronic transmission, by posting on the homeowners association's home page, or by inclusion in the homeowners association's newsletter.

(3) (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.

(f) 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 or notice by electronic transmission shall be provided to the lot owners.

(g) 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.

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§11B-112.3.

(a) In this section, “reserve study” means a study of the reserves required for future major repairs and replacement of the common areas of a homeowners association that:

(1) Identifies each structural, mechanical, electrical, and plumbing component of the common areas and any other components that are the responsibility of the homeowners association to repair and replace;

(2) States the estimated remaining useful life of each identified component;

(3) States the estimated cost of repair or replacement of each identified component; and

(4) States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement.

(b) (1) This section applies only to a homeowners association:

(i) That has responsibility under its declaration for maintaining and repairing common areas; and

(ii) For which the total initial purchase and installation costs for all components identified in subsection (a)(1) of this section is at least \$10,000.

(2) This section does not apply to a homeowners association that issues bonds for the purpose of meeting capital expenditures.

(c) (1) This subsection applies only to a homeowners association established in:

(i) Prince George’s County on or after October 1, 2020;

(ii) Montgomery County on or after October 1, 2021; or

(iii) Any county other than PG or
Montgomery County on or after October 1, 2022.

(2) The governing body of the homeowners association shall have an independent reserve study completed not more than 90 calendar days and not less than 30 calendar days before the meeting of the homeowners association required under § 11B-106.1(a) of this title.

(3) The governing body shall have an updated reserve study completed within 5 years after the date of the initial reserve study conducted under paragraph (2) of this subsection and at least every 5 years thereafter.

(d) (1) (i) This paragraph applies only to a homeowners association established in Prince George's County before October 1, 2020.

(ii) If the governing body of a homeowners association has had a reserve study conducted on or after October 1, 2016, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

(iii) If the governing body of a homeowners association has not had a reserve study conducted on or after October 1, 2016, the governing body shall have a reserve study conducted on or before October 1, 2021, and an updated reserve study at least every 5 years thereafter.

(2) (i) This paragraph applies only to a homeowners association established in Montgomery County before October 1, 2021.

(ii) If the governing body of a homeowners association has had a reserve study conducted on or after October 1, 2017, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

(iii) If the governing body of a homeowners association has not had a reserve study conducted on or after October 1, 2017, the governing body shall have a reserve study conducted on or before October 1, 2022, and an updated reserve study at least every 5 years thereafter.

(3) (i) This paragraph applies only to a homeowners association established in any county other than Prince George's County or Montgomery County before October 1, 2022.

(ii) If the governing body of a homeowners association has had a reserve study conducted on or after October 1, 2018, the governing body shall have

(iii) If the governing body of a homeowners association has not had a reserve study conducted on or after October 1, 2018, the governing body shall have a reserve study conducted on or before October 1, 2023, and an updated reserve study at least every 5 years thereafter.

(e) Each reserve study required under this section shall:

(1) Be prepared by a person who:

(i) Has prepared at least 30 reserve studies within the prior 3 calendar years;

(ii) Has participated in the preparation of at least 30 reserve studies within the prior 3 calendar years while employed by a firm that prepares reserve studies;

(iii) Holds a current license from the State Board of Architects or the State Board for Professional Engineers; or

(iv) Is currently designated as a reserve specialist by the Community Association Institute or as a professional reserve analyst by the Association of Professional Reserve Analysts;

(2) Be available for inspection and copying by any lot owner;

(3) Be reviewed by the governing body of the homeowners association in connection with the preparation of the annual proposed budget; and

(4) Be summarized for submission with the annual proposed budget to the lot owners.

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§11B-113.6.

(a) (1) Notwithstanding language contained in the governing documents of the homeowners association, the governing body may authorize meetings of the homeowners association, the governing body, or a committee of the homeowners association to be conducted or attended by telephone conference, video conference, or similar electronic means.

(2) If a meeting is conducted by telephone conference, video conference, or similar electronic means, the equipment or system used must permit any lot owner, board member, or committee member in attendance to hear and be heard by all others participating in the meeting.

(3) A link or instructions on how to access the meeting by telephone conference, video conference, or similar electronic means shall be included in the notice of the meeting.

(4) No specific authorization from lot owners shall be required to hold a meeting electronically.

(b) Any lot owner, board member, or committee member attending a meeting by telephone conference, video conference, or similar electronic means shall be deemed present for quorum and voting purposes.

(c) (1) (i) Any matter requiring a vote of the homeowners association may be set by the governing body for a vote at the meeting, and a ballot may be delivered to members with notice of the meeting.

(ii) Only those lot owners present during the telephone conference, video conference, or similar electronic meeting shall be authorized to vote a ballot in accordance with this subsection.

(iii) Lot owners who are not present at the meeting may:

1. Vote by proxy in accordance with the requirements of the governing documents and this title; and
2. Be considered present for quorum purposes through their proxy.

(2) (i) The governing body may set a reasonable deadline for return of a ballot to the homeowners association, including return by electronic transmission.

(ii) The deadline for return of the ballot shall be not later than 24 hours after the conclusion of the meeting.

(d) Notwithstanding language contained in the governing documents of the homeowners association, nominations from the floor at the meeting are not required if at least one candidate has been nominated to fill each open position in the governing body.

(e) The inability of a lot owner to join a meeting due to technical difficulties with the lot owner's telephone, computer, or other electronic device does not invalidate the meeting or any action taken at the meeting.

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§11B-117.

(a) (1) As provided in the declaration, a lot owner shall be liable for all homeowners association assessments and charges that come due during the time that the lot owner owns the lot.

(2) The governing body of a homeowners association has the authority to increase an assessment levied to cover the reserve funding amount required under § 11B-112.3 of this title, notwithstanding any provision of the declaration, articles of incorporation, or bylaws restricting assessment increases or capping the assessment that may be levied in a fiscal year.

(b) In addition to any other remedies available at law, a homeowners association may enforce the payment of the assessments and charges provided in the declaration by the imposition of a lien on a lot in accordance with the Maryland Contract Lien Act.

(c) (1) This subsection does not limit or affect the priority of:

(i) A lien for the annual charge provided first priority over a deed of trust or mortgage by the deed, agreement, and declaration of covenants, easements, charges, and liens dated December 13, 1966, and recorded in the land records of Howard County (the Columbia Association Declaration); or

(ii) Any lien, secured interest, or other encumbrance with priority that is held by or for the benefit of, purchased by, assigned to, or securing any indebtedness to:

1. The State or any county or municipal corporation in the State;

2. Any unit of State government or the government of any county or municipal corporation in the State; or

3. An instrumentality of the State or any county or municipal corporation in the State.

(2) In the case of a foreclosure of a mortgage or deed of trust on a lot in a homeowners association, a portion of the homeowners association's liens on the lot, as prescribed in paragraph (3) of this subsection, shall have priority over a claim

of the holder of a first mortgage or a first deed of trust that is recorded against the lot on or after October 1, 2011.

(3) The portion of the homeowners association's liens that has priority under paragraph (2) of this subsection:

(i) Shall consist solely of not more than 4 months, or the equivalent of 4 months, of unpaid regular assessments for common expenses that are levied by the homeowners association in accordance with the requirements of the declaration or bylaws of the homeowners association;

(ii) May not include:

1. Interest;
2. Costs of collection;
3. Late charges;
4. Fines;
5. Attorney's fees;
6. Special assessments; or
7. Any other costs or sums due under the declaration or bylaws of the homeowners association or as provided under any contract, law, or court order; and

(iii) May not exceed a maximum of \$1,200.

(4) (i) Subject to subparagraph (ii) of this paragraph, at the request of the holder of a first mortgage or first deed of trust on a lot in a homeowners association, the governing body shall provide to the holder written information about the portion of any lien filed under the Maryland Contract Lien Act that has priority as prescribed under paragraph (3) of this subsection, including information that is sufficient to allow the holder to determine the basis for the portion of the lien that has priority.

(ii) At the time of making a request under subparagraph (i) of this paragraph, the holder shall provide the governing body of the homeowners association with the written contact information of the holder.

(iii) If the governing body of the homeowners association fails to provide written information to the holder under subparagraph (i) of this paragraph within 30 days after the filing of the statement of lien among the land records of each county in which the homeowners association is located, the portion of the homeowners association's liens does not have priority as prescribed under paragraph (2) of this subsection.

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§14–204.

(a) Except as provided in subsection (d) of this section, a lien may be enforced and foreclosed by the party who obtained the lien in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trust on property in this State containing a power of sale or an assent to a decree.

(b) If the owner of property subject to a lien is personally liable for alleged damages, suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit for a monetary judgment for unpaid damages may be maintained without waiving any lien securing the same.

(c) Any action to foreclose a lien shall be brought within 12 years following recordation of the statement of lien.

(d) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Common ownership community” means:

1. A condominium as defined in § 11–101 of this article;

or

2. A homeowners association as defined in § 11B–101 of this article.

(iii) “Governing body” means a person who has authority to enforce the declaration, articles of incorporation, bylaws, rules, or regulations of a common ownership community.

(2) Notwithstanding the declaration, articles of incorporation, bylaws, rules, or regulations of a common ownership community, a governing body may foreclose on a lien against a unit owner or lot owner only if the damages secured by the lien:

(i) Consist of:

1. Delinquent periodic assessments or special assessments and any interest; and

2. Reasonable costs and attorney's fees directly related to the filing of the lien that do not exceed the amount of the delinquent assessments, excluding any interest; and

(ii) Do not include fines imposed by the governing body or attorney's fees or costs related to recovering the fines.

(3) This subsection does not preclude a governing body from using any other means to enforce a lien against a unit owner or lot owner.

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Where to find Maryland Law:

<https://mgaleg.maryland.gov/mgaweb/site/Laws/Statutes>

Titles:

Real Property

Corporations and Associations

Commercial Law

Annotations, case laws, repeals, constitutionality, and judicial interpretations of applicability are not available online from the State but are available from Michie (print publication), Lexis Nexus, Westlaw, and Google Scholar.

In rare cases, the final law is not (merely) as written on its "face" value, such as Corporations and Associations 2-512 and 2-513.

Common Ownership Communities

Disclosures to Unit Owners in Condominiums

House Bill 40 (passed) adds to existing disclosure requirements in a contract for the initial sale of a condominium unit by requiring notice as to whether the council of unit owners has entered into any agreement that settles or releases the council of unit owners' claims related to common element warranties. Similarly, a specified certificate required prior to closing on the resale of a unit by a unit owner other than a developer must contain a statement as to whether the council of unit owners has entered into any agreement that settles or releases the council of unit owners' claims related to common element warranties as well as whether the board of directors has disclosed to the council of unit owners the board's intention to enter into an agreement for the purpose of settling a disputed common element warranty claim.

Additionally, *House Bill 40* requires the board of directors for a condominium to disclose to the council of unit owners any agreement by the board for the purpose of settling a disputed common element warranty claim at least 21 days prior to the execution of the agreement. A nondisclosure provision in an agreement may not prohibit disclosure by the board of directors to the council of unit owners.

Finally, the bill establishes that provisions authorizing closed meetings of the board of directors of a condominium association may not be interpreted to authorize the board to withhold or agree to withhold from the unit owners the terms of any legal agreement to which the council of unit owners is a party.

Dispute Settlement in Condominiums and Homeowners Associations

Under current law, a council of unit owners or board of directors of a condominium may not impose a fine, suspend voting, or infringe on any other rights of a unit owner or occupant without first taking specified actions. *House Bill 615 (passed)* makes several changes to the notice and procedural requirements of the existing dispute settlement mechanism.

The bill also establishes a similar dispute mechanism for homeowners associations. The bill prohibits a board of directors or other governing body of a homeowners association from imposing a fine, suspending voting, or infringing on any other right of a lot owner or other occupant for violations of rules unless a written demand to cease and desist from an alleged violation has been provided to the alleged violator. Certain procedural and hearing requirements are also established under the bill. The bill applies prospectively and does not have any effect on any complaints or demands arising under the rules of a condominium or homeowners association before October 1, 2022, unless the declaration or bylaws of the condominium or homeowners association state otherwise.

Reserve Studies

"Common ownership community" is a general term used to refer to a condominium, a cooperative housing corporation, or a homeowners association. Under State law, a "reserve study" is a study of the monetary reserves required for future major repairs and replacement of common elements or common areas of a common ownership community. Currently, only Montgomery and Prince George's counties require a common ownership community to regularly perform reserve studies and ensure that the reserve needs of the community are adequately funded. In general, *House Bill 107 (passed)* expands application of these requirements statewide to a cooperative housing

corporation, a residential condominium, and a homeowners association that meets specified conditions. An applicable common ownership community must perform an independent reserve study within a specified timeframe, conduct updated reserve studies every five years, and ensure that the reserve needs of the community are adequately funded. Additionally, the bill alters who is eligible to perform reserve studies and modifies the requirement for a common ownership community to fund reserves by providing the common ownership community with three fiscal years to attain the annual reserve funding level recommended in an initial reserve study.

Bills have passed both chambers and are waiting for governor to sign:

House Bill 40

<https://mgaleg.maryland.gov/mgaweb/site/Legislation/Details/hb0040>

House Bill 615

<https://mgaleg.maryland.gov/mgaweb/site/Legislation/Details/hb0615>

House Bill 107

<https://mgaleg.maryland.gov/mgaweb/site/Legislation/Details/hb0107>

Affected Statutes:

Article - Corporations and Associations

(5-6B-26.1)

Article - Real Property

(11-109, 11-109.2, 11-109.4, 11-110, 11B-106.1, 11B-112.2, 11B-112.3, 11B-117)