COWIE LAW GROUP

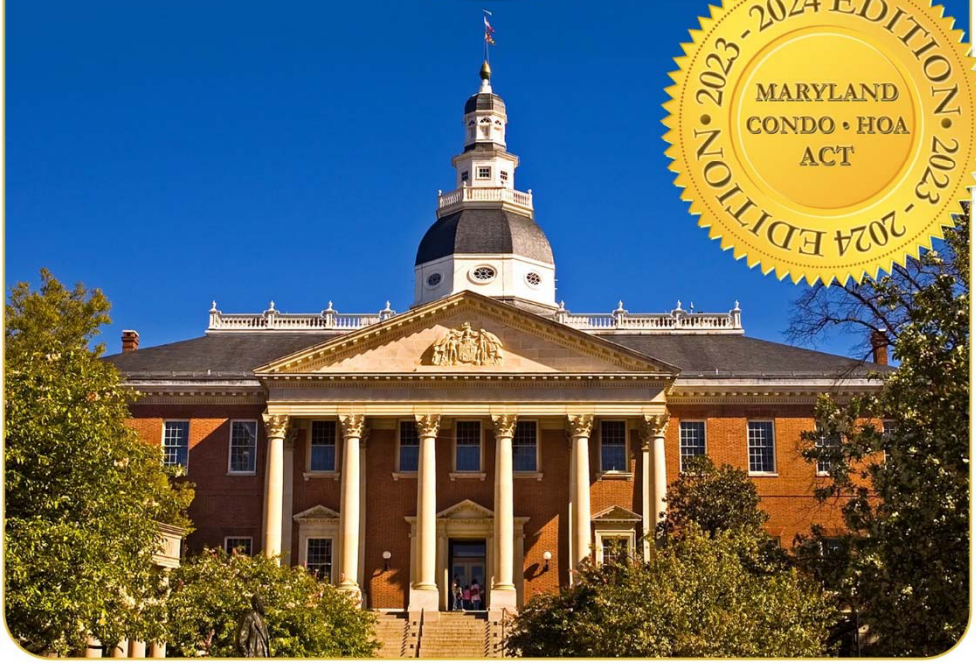
CONDOMINIUM & HOA ATTORNEYS

MARYLAND CONDOMINIUM ACT

MARYLAND HOMEOWNERS ASSOCIATION ACT

2023 - 2024 EDITION • 2023 - 2024 EDITION •

MARYLAND CONDO • HOA ACT



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About Us:

Cowie Law Group is a community association law firm that represents condominium and homeowner associations throughout the state of Maryland and the District of Columbia.

NOTE: Any amendments to the Condominium and Homeowners Association Acts adopted during the yearly legislative sessions are typically effective as of October 1 of the year in question. The statutes printed in this booklet include the most recent amendments that became effective on October 1, 2023. Future amendments to the Maryland Condominium or Homeowners Association Acts that occur during the next legislative session, if any, are not expected to be effective until October 1, 2024. Please contact our office should you have a concern as to whether the reproduced statutes are current.

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Annotated Code of Maryland
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Maryland Condominium Act

Real Property Article Title 11

§ 11-101. Definitions.

(a) In this title the following words have the meanings indicated unless otherwise apparent from context.

(b) (1) "Board of directors" means the persons to whom some or all of the powers of the council of unit owners have been delegated under this title or under the condominium bylaws.

(2) "Board of directors" includes any reference to "board".

(c) (1) "Common elements" means all of the condominium except the units.

(2) "Limited common elements" means those common elements identified in the declaration or on the condominium plat as reserved for the exclusive use of one or more but less than all of the unit owners.

(3) "General common elements" means all the common elements except the limited common elements.

(d) "Common expenses and common profits" means the expenses and profits of the council of unit owners.

(e) "Condominium" means property subject to the condominium regime established under this title.

(f) “Council of unit owners” means the legal entity described in § 11-109 of this title.

(g) “Developer” means any person who subjects his property to the condominium regime established by this title.

(h) “Electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that:

(1) May be retained, retrieved, and reviewed by a recipient of the communication; and

(2) May be reproduced directly in paper form by a recipient through an automated process.

(i) “Governing body” means the council of unit owners, board of directors, or any committee of the council of unit owners or board of directors.

(j) “Housing agency” means a housing agency of a county or incorporated municipality or some other agency or entity of a county or incorporated municipality designated as such by law or ordinance.

(k) “Mortgagee” means the holder of any recorded mortgage, or the beneficiary of any recorded deed of trust, encumbering one or more units.

(l) “Moving expenses” means costs incurred to:

(1) Hire contractors, labor, trucks, or equipment for the transportation of personal property;

(2) Pack and unpack personal property;

(3) Disconnect and install personal property;

(4) Insure personal property to be moved; and

(5) Disconnect and reconnect utilities such as telephone service, gas, water, and electricity.

(m) "Occupant" means any lessee or guest of a unit owner.

(n) "Percentage interests" means the interests, expressed as a percentage, fraction or proportion, established in accordance with § 11-107 of this title.

(o) "Property" means unimproved land, land together with improvements thereon, improvements without the underlying land, or riparian or littoral rights associated with land. Property may consist of noncontiguous parcels or improvements.

(p) "Rental facility" means property containing dwelling units intended to be leased to persons who occupy the dwellings as their residences.

(q) "Unit" means a three-dimensional space identified as such in the declaration and on the condominium plat and shall include all improvements contained within the space except those excluded in the declaration, the boundaries of which are established in accordance with § 11-103(a)(3) of this title. A unit may include 2 or more noncontiguous spaces.

(r) "Unit owner" means the person, or combination of persons, who hold legal title to a unit. A mortgagee or a trustee designated under a deed of trust, as such, may not be deemed a unit owner.

§ 11-102. Establishment of Condominium Regime.

(a) (1) The fee simple owner or lessee under a lease that exceeds 60 years of any property in the State may subject the property to a condominium regime by recording among the land records of the county where the property is located, a declaration, bylaws, and condominium plat that comply with the requirements specified in this title.

(2) (i) Notwithstanding the provisions of paragraph (1) of this subsection, a leasehold estate may not be subjected to a condominium regime if it is used for residential purposes unless the State, a county that has adopted charter home rule under Article XI-A of the Maryland Constitution, a municipal corporation, or, subject to the provisions of subparagraph (ii) of this paragraph, the Washington Metropolitan Area Transit Authority is the owner of the reversionary fee simple estate.

(ii) The Washington Metropolitan Area Transit Authority may establish a leasehold estate for a condominium regime that is used for residential purposes under subparagraph (i) of this paragraph if, when the initial term of the lease expires, there is a provision in the lease that allows the lessee to automatically renew the lease for another term.

(3) Notwithstanding paragraph (2) of this subsection or any declaration, rule, or bylaw, a developer or any other person may not be prohibited from granting a leasehold estate in an individual unit used for residential purposes.

(b) If any property lying partly in one county and partly in any other county is subjected to a condominium

regime, the declaration, bylaws, and condominium plat shall be recorded in all counties where any portion of the property is located. Subsequent instruments affecting the title to a unit which is physically located entirely within a single county shall be recorded only in that county, notwithstanding the fact that the common elements are not physically located entirely within that county.

(c) All instruments affecting title to units shall be recorded and taxed as in other real property transactions. However, no State or local tax may be imposed by reason of the execution or recordation of the declaration, bylaws, condominium plat, or any statement of condominium lien recorded pursuant to the provisions of § 11-110 of this title.

(d) The declaration, bylaws, and condominium plat shall be indexed in the grantor index under the name of the developer and under the name of the condominium. Subsequent amendments shall be indexed under the name of the condominium.

§ *11-102.1. Notice Prior to Conversion of Residential Property to Condominium.*

(a) (1) (i) Before a residential rental facility is subjected to a condominium regime, the owner, and the landlord of each tenant in possession of any portion of the residential rental facility as his residence, if other than the owner, shall give the tenant a notice in the form specified in subsection (f) of this section. The notice shall be given after registration with the Secretary of State under § 11–127 of this title and concurrently and together with any offer required to be given under § 11–136 of this title.

(ii) If an offer required to be given under § 11–136 of this title is not given to a tenant concurrently with the notice described in subparagraph (i) of this paragraph, the 180–day period that is triggered by receipt of the notice under this section does not begin until the tenant receives the purchase offer.

(2) The owner and the landlord, if other than the owner, shall inform in writing each tenant who first leases any portion of the premises as his residence after the giving of the notice required by this subsection that the notice has been given. The tenant shall be informed at or before the signing of lease or the taking of possession, whichever occurs first.

(3) A copy of the notice, together with a list of each tenant to whom the notice was given, shall be given to the Secretary of State at the time the notice is given to each tenant.

(b) The notice and the purchase offer shall be considered to have been given to each tenant if delivered by hand to the tenant or mailed, certified mail, return receipt requested, postage prepaid, to the tenant's last–known address.

(c) A tenant leasing any portion of the residential rental facility as his residence at the time the notice referred to in subsection (a) of this section is given to him may not be required to vacate the premises prior to the expiration of 180 days from the giving of the notice except for:

(1) Breach of a covenant in his lease occurring before or after the giving of the notice;

(2) Nonpayment of rent occurring before or after the giving of the notice; or

(3) Failure of the tenant to vacate the premises at the time that is indicated by the tenant in a notice given to his landlord under subsection (e) of this section.

(d) The lease term of any tenant leasing any portion of the residential rental facility as his residence at the time the notice referred to in subsection (a) of this section is given to him and which lease term would ordinarily terminate during the 180–day period shall be extended until the expiration of the 180–day period. The extended term shall be at the same rent and on the same terms and conditions as were applicable on the last day of the lease term.

(e) Any tenant leasing any portion of the residential rental facility as his residence at the time the notice referred to in subsection (a) of this section is given to him may terminate his lease, without penalty for termination upon at least 30 days' written notice to his landlord.

(f) The notice referred to in subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form. As to rental facilities containing less than 10 units, "Section 2" of the notice is not required to be given.

“NOTICE OF INTENTION TO CREATE A CONDOMINIUM

..... (Date)

This is to inform you that the rental facility known as ..... may be converted to a condominium regime in accordance with the Maryland Condominium Act. You may be required to move out of your residence after 180 days have passed from the date of this notice, or in other words, after ..... (Date).

Section 1

Rights that apply to all tenants

If you are a tenant in this rental facility and you have not already given notice that you intend to move, you have the following rights, provided you have previously paid your rent and continue to pay your rent and abide by the other conditions of your lease.

(1) You may remain in your residence on the same rent, terms, and conditions of your existing lease until either the end of your lease term or until ..... (Date) (the end of the 180–day period), whichever is later. If your lease term ends during the 180–day period, it will be extended on the same rent, terms, and conditions until ..... (Date) (the end of the 180–day period). In addition, certain households may be entitled to extend their leases beyond the 180 days as described in Section 2.

(2) You have the right to purchase your residence before it can be sold publicly. A purchase offer describing your right to purchase is required to be included with this notice. If a purchase offer is not included with this notice, the 180–day period that you may remain in your residence does not begin until you

receive the purchase offer.

(3) If you do not choose to purchase your unit, and the annual income for all present members of your household did not exceed ..... (the applicable income eligibility figure or figures for the appropriate area) for 20...., you are entitled to receive $375 when you move out of your residence. You are also entitled to be reimbursed for moving expenses as defined in the Maryland Condominium Act over $375 up to $750 which are actually and reasonably incurred. If the annual income for all present members of your household did exceed ..... (the applicable income eligibility figure or figures for the appropriate area) for 20...., you are entitled to be reimbursed up to $750 for moving expenses as defined in the Maryland Condominium Act actually and reasonably incurred. To receive reimbursement for moving expenses, you must make a written request, accompanied by reasonable evidence of your expenses, within 30 days after you move. You are entitled to be reimbursed within 30 days after your request has been received.

(4) If you want to move out of your residence before the end of the 180–day period or the end of your lease, you may cancel your lease without penalty by giving at least 30 days prior written notice. However, once you give notice of when you intend to move, you will not have the right to remain in your residence beyond that date.

Section 2

Right to 3–year lease extension or 3–month rent payment
for certain individuals with disabilities and senior citizens

The developer who converts this rental facility to a condominium must offer extended leases to qualified households for up to 20 percent of the units in the rental

facility. Households which receive extended leases will have the right to continue renting their residences for at least 3 years from the date of this notice. A household may cancel an extended lease by giving 3 months' written notice if more than 1 year remains on the lease, and 1 month's written notice if less than 1 year remains on the lease.

Rents under these extended leases may only be increased once a year and are limited by increases in the cost of living index. Read the enclosed lease to learn the additional rights and responsibilities of tenants under extended leases.

In determining whether your household qualifies for an extended lease, the following definitions apply:

(1) (i) "Disability" means:

1. A physical or mental impairment that substantially limits one or more of an individual's major life activities; or

2. A record of having a physical or mental impairment that substantially limits one or more of an individual's major life activities.

(ii) "Disability" does not include the current illegal use of or addiction to:

1. A controlled dangerous substance as defined in § 5–101 of the Criminal Law Article; or

2. A controlled substance as defined in 21 U.S.C. § 802.

(2) "Senior citizen" means a person who is at least 62 years old on the date of this notice.

(3) "Annual income" means the total income from all

sources for all present members of your household for the income tax year immediately preceding the year in which this notice is issued but shall not include unreimbursed medical expenses if the tenant provides reasonable evidence of the unreimbursed medical expenses or consents in writing to authorize disclosure of relevant information regarding medical expense reimbursement at the time of applying for an extended lease. “Total income” means the same as “gross income” as defined in § 9–104(a)(7) of the Tax – Property Article.

(4) “Unreimbursed medical expenses” means the cost of medical expenses not otherwise paid for by insurance or some other third party, including medical and hospital insurance premiums, co–payments, and deductibles; Medicare A and B premiums; prescription medications; dental care; vision care; and nursing care provided at home or in a nursing home or home for the aged.

To qualify for an extended lease you must meet all of the following criteria:

(1) A member of the household must be an individual with a disability or a senior citizen and must be living in your unit as of the date of this notice and must have been a member of your household for at least 12 months preceding the date of this notice; and

(2) Annual income for all present members of your household must not have exceeded ..... (the applicable income eligibility figure or figures for the appropriate area) for 20.....; and

(3) You must be current in your rental payments and otherwise in good standing under your existing lease.

If you meet all of these qualifications and desire an extended lease, then you must complete the enclosed

form and execute the enclosed lease and return them. The completed form and executed lease must be received at the office listed below within 60 days of the date of this notice, or in other words, by ..... (Date). If your completed form and executed lease are not received within that time, you will not be entitled to an extended lease.

If the number of qualified households requesting extended leases exceeds the 20 percent limitation, priority will be given to qualified households who have lived in the rental facility for the longest time.

Due to the 20 percent limitation your application for an extended lease must be processed prior to your lease becoming final. Your lease will become final if it is determined that your household is qualified and falls within the 20 percent limitation.

If you return the enclosed form and lease by ..... (Date) you will be notified within 75 days of the date of this notice, or in other words, by ..... (Date), whether you are qualified and whether your household falls within the 20 percent limitation.

You may apply for an extended lease and, at the same time, choose to purchase your unit. If you apply for and receive an extended lease, your purchase contract will be void. If you do not receive an extended lease, your purchase contract will be effective and you will be obligated to buy your unit.

If you qualify for an extended lease, but due to the 20 percent limitation, your lease is not finalized, the developer must pay you an amount equal to 3 months rent within 15 days after you move. You are also entitled to up to $750 reimbursement for your moving expenses, as described in Section 1.

If you qualify for an extended lease, but do not want one, you are also entitled to both the moving expense reimbursement previously described, and the payment equal to 3 months' rent. In order to receive the 3 month rent payment, you must complete and return the enclosed form within 60 days of the date of this notice or by ..... (Date), but you should not execute the enclosed lease.

All application forms, executed leases, and moving expense requests should be addressed or delivered to:

....."

(g) A declaration may not be received for record unless there is attached thereto an affirmation of the developer in substantially the following form:

"I hereby affirm under penalty of perjury that the notice requirements of § 11–102.1 of the Real Property Article, if applicable, have been fulfilled.

Developer

By ....."

(h) Failure of a landlord or owner to give notice as required by this section is a defense to an action for possession.

(i) Failure to fulfill the provisions of this section does not affect the validity of a condominium regime otherwise established in accordance with the provisions of this title.

(j) This section does not apply to any tenant whose lease term expires during the 180–day period and who has given notice of his intent not to renew the lease prior to the giving of the notice required by subsection (a) of this section.

(k) (1) A tenant may not waive his rights under this section except as provided under § 11–137 of this title.

(2) At the expiration of the 180–day period a tenant shall become a tenant from month–to–month subject to the same rent, terms, and conditions as those existing at the giving of the notice required by subsection (a) of this section, if the tenant's initial lease has expired and the tenant has not:

(i) Entered into a new lease;

(ii) Vacated under subsection (e) of this section; or

(iii) Been notified in accordance with applicable law prior to the expiration of the 180–day period that he must vacate at the end of that period.

§ 11-102.2. Termination of Leases.

(a) In this section, "terminate" means:

(1) A giving of notice terminating a periodic tenancy of a dwelling within a residential rental facility; or

(2) The failure to renew or continue an existing lease for a dwelling in a residential rental facility upon its expiration.

(b) The owner of a residential facility may not terminate the lease of any tenant occupying any portion of the owner's residential facility in order to avoid such owner's obligation to give the tenant the notice required under § 11-102.1 of this title.

(c) The application for registration for a residential rental facility under § 11–127 of this title shall include, to the extent reasonably available, a list of all tenants whose leases were terminated during the 180–day period prior to the filing of the application for registration.

(d) After an agency hearing, if the Secretary of State determines that an owner has violated subsection (b) of this section within 180 days prior to filing an application for registration, the Secretary of State shall reject the application for registration filed by the owner.

(e) After a public offering statement has been registered, if the Secretary of State determines that an owner has violated subsection (b) of this section during the 12-month period prior to the time units are offered for sale, the Secretary of State shall revoke the registration.

(f) In determining whether an owner has violated subsection (b) of this section, the Secretary of State shall consider:

(1) (i) Whether the termination was due to the

nonpayment of rent;

(ii) Whether the termination was due to a breach of the lease; or

(iii) Whether the owner intended at the time of termination to convert the residential facility to a condominium; and

(2) Any other factors as the Secretary of State deems appropriate.

(g) If an application for registration is rejected by the Secretary of State pursuant to subsection (d) of this section, or if a registration is revoked by the Secretary of State pursuant to subsection (e) of this section, the Secretary of State may not accept the application or reinstate the registration unless and until the owner has tendered to every tenant whose lease was terminated in violation of subsection (a) of this section an award for reasonable expenses.

§ 11-103. Declaration.

[(a) The declaration shall express at least the following particulars:] [1]

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

(5) 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.

(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:

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

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.

"1. The language in brackets was deleted from the Condominium Act by House Bill 186, cross-filed filed with Senate Bill 403, effective October 1, 2023. The declaration of this language appears to be a mistake and is included in this booklet for clarity."

§ 11-103.1. Corrective Amendments.

(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.

§ 11-104. Bylaws.

(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.

§ 11-105. Condominium Plat.

(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.

§ 11-106. Status and Description of Units.

(a) Each unit in a condominium has all of the incidents of real property.

(b) A description in any deed or other instrument affecting title to any unit which makes reference to the letter or number or other appropriate designation on the condominium plat together with a reference to the plat shall be a good and sufficient description for all purposes.

§ 11-107. Percentage Interests.

(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.

§ 11-108. Use of Common Elements.

(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.

§ 11-108.1. Responsibility for Maintenance, Repair, and Replacement.

Except to the extent otherwise provided by the declaration or bylaws, and subject to § 11–114 of this title, the council of unit owners is responsible for maintenance, repair, and replacement of the common elements, and each unit owner is responsible for maintenance, repair, and replacement of his unit.

§ 11-109. Council of Unit Owners.

(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.

(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) 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) The replacement reserves delivered under subparagraph (iv)2 of this paragraph for a residential condominium 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.

§ 11-109.1. Closed Meetings of Board of Directors

(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.

§ 11-109.2. Annual Proposed Budget.

(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.

§ 11–109.3. Court Appointment of Receiver

(a) (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.

§ 11–109.4. Reserve Study

(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.

§ 11-110. Common Expenses and Profits; Assessments; Liens.

(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.

§ 11-111. Rules and Regulations

(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.

§ 11-111.1. Family Day Care Homes.

(a) (1) In this section the following words have the meanings indicated.

(2) "Child care provider" means the adult who has primary responsibility for the operation of a family child care home.

(3) "Family child care home" means a unit registered under Title 5, Subtitle 5 of the Family Law Article.

(4) "No–impact home–based business" means a business that:

(i) Is consistent with the residential character of the dwelling unit;

(ii) Is subordinate to the use of the dwelling unit for residential purposes and requires no external modifications that detract from the residential appearance of the dwelling unit;

(iii) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of common expenses that can be solely and directly attributable to a no–impact home–based business; and

(iv) Does not involve use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation or the State or any local governing body designates as a hazardous material.

(b) (1) The provisions of this section relating to family child care homes do not apply to a condominium that is limited to housing for older persons, as defined

under the federal Fair Housing Act.

(2) The provisions of this section relating to no–impact home–based businesses do not apply to a condominium that has adopted, prior to July 1, 1999, procedures in accordance with its covenants, declaration, or bylaws for the regulation or prohibition of no–impact home–based businesses.

(c) (1) Subject to the provisions of subsections (d) and (e)(1) of this section, a recorded covenant or restriction, a provision in a declaration, or a provision of the bylaws or rules of a condominium that prohibits or restricts commercial or business activity in general, but does not expressly apply to family child care homes or no–impact home–based businesses, may not be construed to prohibit or restrict:

(i) The establishment and operation of family child care homes or no–impact home–based businesses; or

(ii) Use of the roads, sidewalks, and other common elements of the condominium by users of the family child care home.

(2) Subject to the provisions of subsections (d) and (e)(1) of this section, the operation of a family child care home or no–impact home–based business shall be:

(i) Considered a residential activity; and

(ii) A permitted activity.

(d) (1) (i) Subject to the provisions of paragraphs (2) and (3) of this subsection, a condominium may include in its declaration, bylaws, or rules and restrictions a provision expressly prohibiting the use of a unit as a family child care home or no–impact home–based business.

(ii) A provision described under subparagraph (i) of this paragraph expressly prohibiting the use of a unit as a family child care home or no–impact home–based business shall apply to an existing family child care home or no–impact home–based business in the condominium.

(2) A provision described under paragraph (1)(i) of this subsection expressly prohibiting the use of a unit as a family child care home or no–impact home–based business may not be enforced unless it is approved by a simple majority of the total eligible voters of the condominium under the voting procedures contained in the declaration or bylaws of the condominium.

(3) If a condominium includes in its declaration, bylaws, or rules and restrictions, a provision prohibiting the use of a unit as a family child care home or no–impact home–based business, it shall also include a provision stating that the prohibition may be eliminated and family child care homes or no–impact home–based businesses may be approved by a simple majority of the total eligible voters of the condominium under the voting procedures contained in the declaration or bylaws of the condominium.

(4) If a condominium includes in its declaration, bylaws, or rules and restrictions a provision expressly prohibiting the use of a unit as a family child care home or no–impact home–based business, the prohibition may be eliminated and family child care or no–impact home–based business activities may be permitted by the approval of a simple majority of the total eligible voters of the condominium under the voting procedures contained in the declaration or bylaws of the condominium.

(e) A condominium may include in its declaration, bylaws, or rules and restrictions a provision that:

(1) Regulates the number or percentage of family child care homes operating in the condominium, provided that the percentage of family child care homes permitted may not be less than 7.5 percent of the total units of the condominium;

(2) Requires child care providers to pay on a pro rata basis based on the total number of family child care homes operating in the condominium any increase in insurance costs of the condominium that are solely and directly attributable to the operation of family child care homes in the condominium; and

(3) Imposes a fee for use of common elements in a reasonable amount not to exceed $50 per year on each family child care home or no–impact home–based business which is registered and operating in the condominium.

(f) (1) If the condominium regulates the number or percentage of family child care homes under subsection (e)(1) of this section, in order to assure compliance with the regulation, the condominium may require residents to notify the condominium before opening a family child care home.

(2) The condominium may require residents to notify the condominium before opening a no–impact home–based business.

(g) (1) A child care provider in a condominium:

(i) Shall obtain the liability insurance described under §§ 19–106 and 19–203 of the Insurance Article in at least the minimum amount described under that statute; and

(ii) May not operate without the liability insurance described under item (i) of this paragraph.

(2) A condominium may not require a child care provider to obtain insurance in an amount greater than the minimum amount required under paragraph (1) of this subsection.

(h) A condominium may restrict or prohibit a no–impact home–based business in any common elements.

(i) To the extent that this section is inconsistent with any other provision of this title, this section shall take precedence over any inconsistent provision.

§ 11-111.2. Restrictions on Candidate Signs and Propositions.

(a) In this section, "candidate sign" means a sign on behalf of a candidate for public office or a slate of candidates for public office.

(b) Except as provided in subsection (c) of this section, a recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a condominium may not restrict or prohibit the display of:

(1) A candidate sign; or

(2) A sign that advertises the support or defeat of any question submitted to voters in accordance with the Election Law Article.

(c) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a condominium may restrict the display of a candidate sign or a sign that advertises the support or defeat of any proposition:

(1) In the common elements;

(2) In accordance with provisions of federal, State, and local law; or

(3) If a limitation to the time period during which signs may be displayed is not specified by a law of the jurisdiction in which the condominium is located, to a time period not less than:

(i) 30 days before the primary election, general election, or vote on the proposition; and

(ii) 7 days after the primary election, general election, or vote on the proposition.

§ 11-111.3. Distribution of Written Information or Materials.

(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.

§ 11-111.4. Installation or use of Electric Vehicle Recharging Equipment in a Condominium.

(a) In this section, "electric vehicle recharging equipment" means property in the State that is used for recharging motor vehicles propelled by electricity.

(b) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a condominium is void and unenforceable if the covenant, restriction, or provision:

(1) Is in conflict with the provisions of this section; or

(2) Effectively prohibits or unreasonably restricts the installation or use of electric vehicle recharging equipment in a unit owner's deeded parking space or a parking space that is specifically designated for use by a particular owner.

(c) (1) If approval is required for the installation or use of electric vehicle recharging equipment in a condominium, the governing body shall process and review an application for approval in the same manner as an application for approval of an architectural modification to the condominium.

(2) The governing body may not willfully avoid or delay processing and reviewing an application for approval.

(3) If an application is not denied in writing within 60 days after the governing body receives the application, the application shall be deemed approved, unless the delay is the result of a reasonable request for additional information.

(4) The approval or denial of an application shall be in writing.

(d) (1) The governing body shall approve the installation of electric vehicle recharging equipment in a unit owner's deeded parking space or a parking space that is specifically designated for use by a particular owner if:

(i) Installation:

1. Does not unreasonably impede the normal use of an area outside the unit owner's parking space; and

2. Is reasonably possible; and

(ii) The unit owner agrees in writing to:

1. Comply with:

A. All relevant building codes and safety standards to maintain the safety of all users of the common area; and

B. The condominium's architectural standards for the installation of the electric vehicle recharging equipment;

2. Engage a licensed contractor to install the electric vehicle recharging equipment; and

3. Pay for the electricity usage associated with the separately metered electric vehicle recharging equipment.

(2) The owner and each successive owner of the electric vehicle recharging equipment shall be responsible for:

(i) Installation costs for the electric vehicle recharging equipment;

(ii) Costs for damage to the electric vehicle recharging equipment, common element, or limited common element resulting from the installation, maintenance, repair, removal, or replacement of the electric vehicle recharging equipment;

(iii) Costs for the maintenance, repair, and replacement of the electric vehicle recharging equipment up until the equipment is removed;

(iv) If the owner decides to remove the electric vehicle recharging equipment, costs for the removal and for the restoration of the common element or limited common element after removal; and

(v) The cost of electricity associated with the electric vehicle recharging equipment.

(e) A unit owner shall obtain any permit or approval for electric vehicle recharging equipment that is required by the county or municipal corporation in which the condominium is located.

(f) Notwithstanding the provisions of § 11–125 of this title, the governing body may grant a license for up to 3 years, renewable at the discretion of the governing body, on any common element necessary for the installation of equipment or for the supply of electricity to any electric vehicle recharging equipment.

(g) A unit owner shall:

(1) Provide a certificate of insurance naming the condominium association as an additional insured; or

(2) Reimburse the association for the cost of an increased insurance premium attributable to the electric vehicle recharging equipment.

§ 11-111.5. Collecting Organic Waste Materials for Composting at Composting Facility.

(a) (1) In this section the following words have the meanings indicated.

(2) "Composting" means the controlled aerobic biological decomposition of organic waste material.

(3) "Composting facility" has the meaning stated in § 9–1701 of the Environment Article.

(b) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a condominium may not prohibit or unreasonably restrict a unit owner from contracting with a private entity to collect organic waste materials from the unit owner for composting at a composting facility.

(c) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a condominium that unreasonably impedes the ability of a private entity to access the common elements for the purpose of collecting organic waste materials from a unit owner shall be interpreted as a restriction on the unit owner's right to contract for private composting services under subsection (b) of this section.

§ 11-112. Eminent Domain.

(a) In this section, the term "taking under the power of eminent domain" includes any sale in settlement of any pending or threatened condemnation proceeding.

(b) The declaration or bylaws may provide for an allocation of any award for a taking under the power of eminent domain of all or a part of the condominium. The declaration or bylaws also may provide for (1) reapportionment or other change of the percentage interests appurtenant to each unit remaining after any taking; (2) the rebuilding, relocation, or restoration of any improvements so taken in whole or in part; and (3) the termination of the condominium regime following any taking.

(c) Unless otherwise provided in the declaration or bylaws, any damages for a taking of all or part of a condominium shall be awarded as follows:

(1) Each unit owner shall be entitled to the entire award for the taking of all or part of his respective unit and for consequential damages to his unit.

(2) Any award for the taking of limited common elements shall be allocated to the unit owners of the units to which the use of those limited common elements is restricted in proportion to their respective percentage interests in the common elements.

(3) Any award for the taking of general common elements shall be allocated to all unit owners in proportion to their respective percentage interests in the common elements.

(d) Unless otherwise provided in the declaration or bylaws, following the taking of a part of a condominium, the council of unit owners shall not be obligated to replace improvements taken but promptly shall

undertake to restore the remaining improvements of the condominium to a safe and habitable condition. Any costs of such restoration shall be a common expense.

(e) Unless provided in the declaration or bylaws, following the taking of all or a part of any unit, the percentage interests appurtenant to the unit shall be adjusted in proportion as the amount of floor area of the unit so taken bears to the floor area of the unit prior to the taking. The council of unit owners promptly shall prepare and record an amendment to the declaration reflecting the new percentage interests appurtenant to the unit. Subject to subsection (g) of this section:

(1) Following the taking of part of a unit the votes appurtenant to that unit shall be appurtenant to the remainder of that unit; and

(2) Following the taking of all of a unit the right to vote appurtenant to the unit shall terminate.

(f) All damages for each unit shall be distributed in accordance with the priority of interests at law or in equity in each respective unit.

(g) Except to the extent specifically described in the condemnation declaration or grant in lieu thereof, a taking of all or part of a unit may not include any of the percentage interests or votes appurtenant to the unit.

§ 11-113. Dispute Settlement Mechanism.

(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.

§ 11-114. Required Insurance Coverage; Reconstruction.

(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 against 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

(i) For attached or multifamily dwelling units, on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer; and

(ii) For detached units, on the common elements; 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) Subject to the applicable coverage specified under subsection (A)(1) of this section, each unit owner is an insured person under the policy with respect to liability arising out of the unit owner's ownership of an undivided interest in the common elements or membership in the council of unit owners 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;

(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) (1) Subject to the applicable coverage specified under subsection (A)(1) of this section, any loss covered by the property policy 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.

(2) 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.

(3) (i) 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 for condominiums with attached or multifamily units that must maintain a property insurance policy on the units, the damaged units

(ii) Unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless;

1. There is a surplus of proceeds after the common elements and for condominiums with attached or multifamily units that must maintain a property insurance policy on the units, the units have been completely repaired or restored; or

2. The condominium is terminated.

(e) (1) An insurance policy issued to the council of unit owners does not prevent a unit owner from obtaining insurance for his own benefit.

(2) An owner of a residential, detached unit shall carry homeowners insurance coverage on the entirety of the unit.

(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) Subject to the applicable coverage specified under subsection (A)(1) of this section, 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) (I) 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.

(II) 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.

§ 11-114.1. Fidelity Insurance.

(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:

(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.

§ 11–114.2. Unit Owner Insurance Policy

(a) The bylaws of a condominium may require each unit owner to maintain a condominium unit owner insurance policy on the unit.

(b) Bylaws that require each unit owner to maintain unit owner insurance also shall require each unit owner to provide evidence of the insurance coverage to the council of unit owners annually.

§ 11-115. Improvements, Alterations or Additions by Unit Owner.

Subject to the provisions of the declaration or bylaws and other provisions of law, a unit owner:

(1) May make any improvements or alterations to his unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the condominium;

(2) May not alter, make additions to, or change the appearance of the common elements, or the exterior appearance of a unit or any other portion of the condominium, without permission of the council of unit owners;

(3) After acquiring an adjoining unit or an adjoining part of an adjoining unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a common element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the condominium. However, prior approval shall be given by the council of unit owners or its authorized designee and an amendment to the declaration and plat(s) shall be filed among the land records of the county in which the condominium is located under the name of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

§ 11-116. Books and Records To Be Kept; Audit; Inspection of Records.

(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.

§ 11-117. TAXATION.

Repealed by Acts 1985, ch. 480, § 2, effective February 1, 1986. As to present provisions similar to those of the repealed section, see Tax-Property Article, § 8-207.

§ 11-118. Mechanics' And Materialmen's Liens.

(a) Any mechanics' lien or materialmen's lien arising as a result of repairs to or improvements of a unit by a unit owner shall be a lien only against the unit.

(b) Any mechanics' or materialmen's lien arising as a result of repairs to or improvements of the common elements, if authorized in writing by the council of unit owners, shall be paid by the council as a common expense and until paid shall be a lien against each unit in proportion to its percentage interest in the common elements. On payment of the proportionate amount by any unit owner to the lienor or on the filing of a written undertaking in the manner specified by Maryland Rule 12-307, the unit owner is entitled to a recordable release of his unit from the lien and the council of unit owners is not entitled to assess his unit for payment of the remaining amount due for the repairs or improvements.

(c) Except in proportion to his percentage interest in the common elements, a unit owner personally is not liable (1) for damages as a result of injuries arising in connection with the common elements solely by virtue of his ownership of a percentage interest in the common elements; or (2) for liabilities incurred by the council of unit owners. On payment by any unit owner of his proportionate amount of any judgment resulting from that liability, the unit owner is entitled to a recordable release of his unit from the lien of the judgment and the council of unit owners is not entitled to assess his unit for payment of the remaining amount due.

§ 11-119. Resident Agent.

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.

§ 11-120. Expanding Condominiums [Amendment Subject to Abrogation].

(a) A developer may reserve the right to expand the condominium by subjecting additional sections of property to the condominium regime in a manner so that as each additional section of property is subjected to the condominium regime:

(1) The percentage interests in the common elements of the unit owners in preceding sections shall be reduced and appropriate percentage interests in the common elements of the added sections shall vest in them; and

(2) Appropriate percentage interests in the common elements of the preceding sections shall vest in unit owners in the added sections.

(b) The reservation of the right to expand a condominium is subject to the conditions provided in this subsection.

(1) The declaration establishing the condominium shall describe each parcel of property which may be included in each section to be added to the condominium. This description may be made by reference to the condominium plat.

(2) The declaration establishing the condominium shall show:

(i) The maximum number of units which may be added; and

(ii) The percentage interests in the common elements, the percentage interests in the common expenses and common profits, and the number of votes appurtenant to each unit following the addition of each section of property to the condominium, if added. The

percentage interests in the common elements and in common expenses and common profits, and the number of votes that each unit owner will have may be shown by reference to a formula or other appropriate method of determining them following each expansion of the condominium.

(3) The condominium plat for the original condominium shall include, in general terms, the outlines of the land, buildings, and common elements of each successive section that may be added to the condominium.

(4) In the declaration establishing the condominium a right shall be reserved in the developer for a period, not exceeding 10 years from the date of recording of the declaration, to add to the condominium any successive section described in the declaration and in the condominium plat.

(c) (1) If there is compliance with the conditions of subsection (b) of this section, successive sections of property may be added to the condominium if the developer (i) records an amendment to the declaration, showing the new percentage interests of the unit owners, and the votes which each unit owner may cast in the condominium as expanded, and (ii) records an amendment to the condominium plat that includes the detail and information concerning the new section as required in the original condominium plat.

(2) On recordation of the amendment of the declaration and plat, each unit owner, by operation of law, has the percentage interests in the common elements, and in the common expenses and common profits, and shall have the number of votes, set forth in the amendment to the declaration. Following any expansion, the interest of any mortgagee shall attach, by operation of law, to the new percentage interests in the

common elements appurtenant to the unit on which it is a lien.

§ 11-121. Deposits on New Condominiums.

Any deposits taken in connection with the sale by a developer of units in a condominium intended for residential use shall be deposited or held in an escrow account as provided in § 10-301 of this article, unless a corporate surety bond is obtained and maintained as provided in § 10-301 of this article.

§ 11-122. Zoning and Building Regulations.

(a) The provisions of all laws, ordinances, and regulations concerning building codes or zoning shall have full force and effect to the extent that they apply to property which is subjected to a condominium regime and shall be construed and applied with reference to the overall nature and use of the property without regard to the form of ownership. A law, ordinance, or regulation concerning building codes or zoning may not establish any requirement or standard governing the use, location, placement, or construction of any land and improvements which are submitted to the provisions of this title, unless the requirement or standard is uniformly applicable to all land and improvements of the same kind or character not submitted to the provisions of this title.

(b) Except as otherwise provided in this title, a county, city, or other jurisdiction may not enact any law, ordinance, or regulation which would impose a burden or restriction on a condominium that is not imposed on all other property of similar character not subjected to a condominium regime. Any such law, ordinance, or regulation is void. Except as otherwise expressly provided in §§ 11–130, 11–138, 11–139, and 11–140 of this title, the provisions of this title are statewide in their effect. Any law, ordinance, or regulation enacted by a county, city, or other jurisdiction is preempted by the subject and material of this title.

§ 11-123. Termination of Condominium.

(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.

§ 11-124. Rules of Construction.

(a) Neither the rule of law known as the Rule Against Perpetuities nor the rule of law known as the Rule Restricting Unreasonable Restraints on Alienation may be applied to defeat or invalidate any provision of this title or of any declaration, bylaws, or other instrument made pursuant to the provisions of this title.

(b) The provisions of any declaration, bylaws, and condominium plat filed pursuant to this title shall be liberally construed to facilitate the creation and operation of the condominium. So long as the declaration, bylaws, and condominium plat substantially conform with the requirements of this title, a variance from the requirements does not affect the condominium status of the property in question nor the title of any unit owner to his unit, his votes, and his percentage interests in the common elements and in common expenses and common profits.

(c) The declaration, bylaws, and condominium plat shall be construed together and shall be deemed to incorporate one another to the extent that any requirement of this title as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others. Any provision required by this title may be amended only in accordance with the requirements for amendment applicable to the instrument in which, absent this subsection, it is required to be contained.

(d) All provisions of the declaration, bylaws, and condominium plat are severable and the invalidity of one provision does not affect the validity of any other provision.

(e) If there is any conflict among the provisions of this title, the declaration, condominium plat, bylaws, or rules adopted pursuant to § 11-111 of this title, the

provisions of each shall control in the succession listed hereinbefore commencing with “title”.

(f) The execution of any instrument by a mortgagee for the purpose of consenting to the legal operation and effect of a declaration, bylaws, and condominium plat does not, unless the contrary is expressly stated, affect the priority of the mortgage or deed of trust. The execution and recordation of a release of a unit in a condominium by a mortgagee which refers to the condominium constitutes consent by that mortgagee to the legal operation and effect of the recorded declaration, bylaws, and condominium plat of that condominium.

§ 11-125. Easements and Encroachments.

(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.

§ 11-126. Disclosure Requirements.

(a) A contract for the initial sale of a unit to a member of the public is not enforceable by the vendor unless:

(1) The purchaser is given on or before the time a contract is entered into between the vendor and the purchaser, a current public offering statement as amended and registered with the Secretary of State containing all of the information set forth in subsection (b) of this section; and

(2) The contract of sale contains, in conspicuous type, a notice of:

(i) The purchaser's right to receive a public offering statement and his rescission rights under this section; and

(ii) 1. The warranties provided by § 11–131 of this title; and

2. 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.

(b) The public offering statement required by subsection (a) of this section shall be sufficient for the purposes of this section if it contains at least the following:

(1) A copy of the proposed contract of sale for the unit;

(2) A copy of the proposed declaration, bylaws, and rules and regulations;

(3) A copy of the proposed articles of incorporation of the council of unit owners, if it is to be

incorporated;

(4) A copy of any proposed management contract, insurance contract, employment contract, or other contract affecting the use of, maintenance of, or access to all or part of the condominium to which it is anticipated the unit owners or the council of unit owners will be a party, and a statement of the right of the council of unit owners to terminate contracts entered into during the developer control period under § 11–133 of this title;

(5) A copy of the actual annual operating budget for the condominium or, if no actual operating budget exists, a copy of the projected annual operating budget for the condominium including reasonable details concerning:

(i) The estimated monthly payments by the purchaser for assessments;

(ii) Monthly charges for the use, rental, or lease of any facilities not part of the condominium;

(iii) The amount of the reserve fund for repair and replacement and its intended use; and

(iv) Any initial capital contribution or similar fee, other than assessments for common expenses, to be paid by unit owners to the council of unit owners or vendor, and a statement of how the fees will be used;

(6) A plain language statement of the policy and procedures for collecting assessments and handling collection of delinquencies, including reasonable details concerning:

(i) The number and percentage of unit owners who are delinquent or in arrears in an amount equal to or greater than 50% of the annual assessment of the unit owner;

(ii) The number of unsatisfied liens currently recorded against unit owners under the Maryland Contract Lien Act;

(iii) The number of unsatisfied judgments obtained against unit owners for unpaid assessments; and

(iv) The total amount of arrearages among all unit owners;

(7) A copy of any lease to which it is anticipated the unit owners or the council of unit owners will be a party following closing;

(8) A description of any contemplated expansion of the condominium with a general description of each stage of expansion and the maximum number of units that can be added to the condominium;

(9) A copy of the floor plan of the unit or the proposed condominium plats;

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

(11) A statement as to whether streets within the condominium are to be dedicated to public use or maintained by the council of unit owners;

(12) A statement of any judgments against the council of unit owners and the existence of any pending suits to which the council of unit owners is a party;

(13) In the case of a condominium containing buildings substantially completed more than 5 years

prior to the filing of the application for registration under § 11–127 of this title, a statement of the physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements, to the extent reasonably ascertainable, and estimated costs of repairs for which a present need is disclosed in the statement and a statement of repairs which the vendor intends to make. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this State;

(14) A description of any provision in the declaration or bylaws limiting or providing for the duration of developer control or requiring the phasing–in of unit owner participation, or a statement that there is no such provision;

(15) If the condominium is one which will be created by the conversion of a rental facility, a copy of the notice and materials required by §§ 11–102.1 and 11–137 of this title;

(16) A statement of whether the unit being purchased is subject to an extended lease under § 11–137 of this title, or local law, and a copy of any extended lease;

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

(18) Any other information required by regulation duly adopted and issued by the Secretary of State.

(c) A person may not advertise or represent that the Secretary of State has approved or recommended the condominium, the public offering statement, or any of the documents contained in the application for registration.

(d) (1) Following execution of a contract of sale by a purchaser, the vendor may not amend any of the material required to be furnished by subsection (a) of this section without the approval of the purchaser if the amendment would affect materially the rights of the purchaser.

(2) Approval is not required if the amendment is required by any governmental authority or public utility, or if the amendment is made as a result of actions beyond the control of the vendor or in the ordinary course of affairs of the council of unit owners.

(3) A copy of any amendments shall be delivered promptly to any purchaser and to the Secretary of State.

(e) (1) Any purchaser may at any time (i) within 15 days following receipt of all of the information required under subsection (b) of this section or the signing of the contract, whichever is later; and (ii) within 5 days following receipt of the information required under subsection (d) of this section, rescind in writing the contract of sale without stating any reason and without any liability on his part, and he shall be entitled to the return of any deposits made on account of the contract.

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

(f) Any vendor who, in disclosing the information required under subsections (a) and (b) of this section, makes any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading, shall be liable to any person purchasing a unit from the vendor for those damages proximately caused by the vendor's untrue

statement or omission. However, an action may not be maintained to enforce any liability created under this section unless brought within 1 year after the facts constituting the cause of action are or should have been discovered.

(g) 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 any purchaser proceeds to closing, his right under this section to rescind is terminated.

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

(i) This section applies to the sale of any unit offered for sale in the State without regard to the location of the condominium.

(j) The provisions of this section do not apply to a sale of a unit in an action to foreclose a mortgage or deed of trust.

§ 11-127. Registration.

(a) A contract for the initial sale of a unit to a member of the public may not be entered into until the public offering statement for the proposed condominium regime has been registered with the Secretary of State and until 10 days after all amendments then applicable to the public offering statement have been filed with the Secretary of State under subsection (d) of this section.

(b) (1) An application for registration shall consist of the public offering statement described in § 11-126 of this title. A developer shall file the number of copies required by the Secretary of State. The Secretary of State shall notify the governing body of the county and/or municipality in which the condominium is located of the filing of the application. An application shall be accompanied by a fee of not less than $100, in an amount equal to $5 per unit.

(2) A developer promptly shall file amendments to report any material change in any document or information contained in the application.

(c) (1) The Secretary of State shall acknowledge receipt of an application for registration within 5 business days after receiving it. The Secretary shall determine whether the application satisfies the disclosure requirements of § 11-126 of this title within 45 days after receipt.

(2) If the Secretary of State determines that the application complies with § 11-126 of this title, the Secretary shall issue promptly an order registering the condominium. Otherwise, unless the developer has consented in writing to a delay not to exceed 30 days, the Secretary shall issue promptly an order rejecting registration. The order shall include the specific reasons for the rejection. The Secretary's failure to issue any order within 45 days of receipt or within the time period

agreed upon shall be deemed an approval of the condominium. Rejection of an application for registration by the Secretary of State may not act as a bar to reapplication for registration. An application amended to comply with the stated reasons for rejection and accompanied by an additional fee as provided in subsection (b) of this section shall be approved by the Secretary of State upon his determination that the amended application satisfies the requirements of this section.

(d) (1) (i) A developer shall promptly file with the Secretary of State copies of any changes in the documents or information contained in the public offering statement which are necessary to make the documents or information current.

(ii) A public offering statement is current if the information required under § 11–126(b)(2), (4), (5), (6), and (12) of this title is updated and filed by the developer not less than annually.

(2) (i) A developer shall file a written statement with the council of unit owners describing the progress of construction, repairs, and all other work on the condominium, which the developer has completed or intends to complete in accordance with the public offering statement for the condominium.

(ii) This written statement shall be filed within 30 days after the anniversary date for registration of the public offering statement for the condominium and annually thereafter until the registration of the condominium is terminated.

(3) A developer shall notify the Secretary of State in writing when all of the units in the condominium have been conveyed to unit owners other than the developer, and the developer either cannot add additional units to the condominium or has determined that no additional

units will be added to the condominium.

(4) If the developer notifies the Secretary of State that all of the units in the condominium have been conveyed to unit owners other than the developer, and that the developer either cannot add additional units to the condominium, or has determined that no additional units will be added to the condominium, the Secretary of State shall issue an order terminating the registration of the condominium.

(e) The Secretary of State shall be responsible for the administration of this section.

(1) The Secretary may adopt, amend, and repeal regulations necessary to carry out the requirements of the provisions of this section.

(2) The Secretary may prescribe forms and procedures for submitting applications.

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

§ 11-128. Duties of Secretary of State.

(a) The Secretary of State shall establish a file of local legislation affecting condominiums as enacted under §§ 11-130, 11-137, 11-138, 11-139, and 11-140 of this title, indexed by county and municipality.

(b) The Secretary of State may cooperate with agencies performing similar functions in this and other jurisdictions to develop uniform filing procedures and forms, uniform disclosure standards, and uniform administrative practices and may develop information that may be useful in the discharge of the Secretary's duties.

(c) The Secretary of State shall work in cooperation with the Consumer Protection Division of the Office of the Attorney General in the enforcement of this title.

§ 11-129. Foreign Condominium Units Sold in State.

(a) In the case of a condominium situated wholly outside of this State, being promoted and having a sales office within the State, an application for registration or proposed public offering statement filed with the Secretary of State which has been approved by an agency in the state where the condominium is located and substantially complies with the requirements of this title may not be rejected by the Secretary on the grounds of noncompliance with any different or additional requirements imposed by this title. However, the Secretary may require additional documents or information in particular cases to assure adequate and accurate disclosure to prospective purchasers.

(b) If there is no out-of-state agency which has approved the application for registration or proposed public offering statement, the application shall consist of the public offering statement described in § 11-126 of this title, and shall be approved in accordance with § 11-127 of this title.

§ 11-130. Consumer Protection.

(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.

§ 11-131. Warranties.

(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.

§ 11-132. Documents to be Delivered to Council of Unit Owners by Developer.

On transfer of control by the developer to the council of unit owners, the developer shall turn over documents including:

(1) Copies of the condominium's filed articles of incorporation, recorded declaration, and all recorded covenants, bylaws, plats, and restrictions of the condominium;

(2) Subject to the restrictions of § 11–116 of this title, all books and records of the condominium, including financial statements, minutes of any meeting of the governing body, and completed business transactions;

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

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

(5) A copy of all contracts to which the condominium is a party;

(6) The name, address, and telephone number of any contractor or subcontractor employed by the condominium;

(7) Any insurance policies in effect and all prior insurance policies;

(8) Any permit or notice of code violation issued to the condominium by the county, local, State, or

federal government;

(9) Any warranty in effect;

(10) Drawings, architectural plans, or other suitable documents setting forth the necessary information for location, maintenance, and repair of all condominium facilities; and

(11) Individual owner files and records, including assessment account records, correspondence, and notices of any violations.

§ 11-133. Termination of Leases or Management and Similar Contracts.

(a) Within three years following the date on which units have been granted by the developer to unit owners having a majority of the votes in the council of unit owners, any lease, and any management contract, employment contract, or other contract to which the council of unit owners is a party entered into between the date the property subjected to the condominium regime was granted to the developer and the date on which units have been granted by the developer to unit owners having a majority of votes in the council of unit owners may be terminated by a majority vote of the council of unit owners without liability for the termination. The termination shall become effective upon 30 days' written notice of the termination from the council of unit owners.

(b) The provisions of this section do not apply to:

(1) Any contract or grant between the council of unit owners and any governmental agency or public utility; or

(2) A condominium that is occupied and used solely for nonresidential purposes.

§ 11-134. Provisions Requiring Employment of Developer or Vendor to Effect Sale; Exception.

Any provision of a declaration or other instrument made pursuant to this title which requires the owner of a unit to engage or employ the developer or any subsidiary or affiliate of the developer for the purpose of effecting a sale or lease of any unit is void. Any provision of any contract for the sale of any unit which requires the purchaser to engage or employ the vendor or any subsidiary or affiliate of the vendor for the purpose of effecting a sale or lease of any unit is void. The provisions of this section apply to declarations, instruments and contracts made prior to and after July 1, 1974. The provisions of this section do not apply to a condominium that is occupied and used solely for nonresidential purposes.

§ 11-134.1. Claims Against Developers and Vendors – Unenforceability of Certain Provisions.

(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.

§ 11-135. Resale of Unit.

(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;

(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; and

(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

(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;

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.

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.

§ 11-136. Tenant's Right to Purchase Property Occupied as his Residence.

(a) (1) An owner required to give notice under § 11–102.1 of this title shall offer in writing to each tenant entitled to receive that notice the right to purchase that portion of the property occupied by the tenant as his residence. The offer shall be at a price and on terms and conditions at least as favorable as the price, terms, and conditions offered for that portion of the property to any other person during the 180–day period following the giving of the notice required by § 11–102.1 of this title. Settlement cannot be required any earlier than 120 days after the offer is accepted by the tenant.

(2) The offer to each tenant shall be made concurrently with the giving of the notice required by § 11–102.1 of this title, shall be a part of that notice, and shall state at least the following:

(i) That the offer will terminate upon the earlier to occur of termination of the lease by the tenant or 60 days after delivery;

(ii) That acceptance of the offer by a tenant who meets the criteria for an extended lease under § 11–137(b) of this title is contingent upon the tenant not receiving an extended lease;

(iii) That settlement cannot be required any earlier than 120 days after acceptance by the tenant; and

(iv) That the household is entitled to reimbursement for moving expenses as provided in subsection (h) of this section. Delivery of a notice in the form specified in § 11–102.1(f) of this title meets the requirements of this subparagraph.

(3) If the offer to the tenant under this subsection

is not included with the notice required by § 11–102.1 of this title, the 180–day period during which the tenant is entitled to remain in the tenant's residence does not begin until the tenant receives the offer.

(b) (1) Notwithstanding the provisions of subsection (a) of this section, an owner may make any alterations or additions to the size, location, configuration, and physical condition of the property. The developer is not required to make the boundaries of any portion of the property occupied by a tenant as the tenant's residence coincide with the boundaries of a unit.

(2) In the event the boundaries of any portion of the property occupied by a tenant as the tenant's residence do not coincide with the boundaries of a unit, then, to the extent reasonable and practicable, the owner shall offer in writing to that tenant the right to purchase a substantially equivalent portion of the property. The offer shall be at a price and on terms and conditions at least as favorable as the price, terms and conditions offered for that portion of the property to any other person and shall contain the statements required by subsection (a)(2) of this section.

(c) Unless written acceptance of an offer made under subsection (a) or (b) of this section is sooner delivered to the owner by the tenant, the offer shall terminate, without further act, upon the earlier to occur of:

(1) Termination of the lease by the tenant; or

(2) 60 days after the offer is delivered to the tenant.

(d) Acceptance of an offer by a tenant who meets the criteria for an extended lease under § 11-137(b) of this title shall be contingent upon the tenant not receiving an extended lease.

(e) If the offer terminates, the owner may not offer to sell that unit at a price or on terms and conditions more favorable to the offeree than the price, terms, and conditions offered to the tenant during the 180–day period following the giving of the notice required by § 11–102.1 of this title.

(f) Within 75 days after the giving of the notice required by § 11-102.1 of this title, the developer shall provide to any county, incorporated municipality or housing agency which has a right to purchase units in the rental facility under § 11-139 of this title a list of the names and units of all tenants who have validly accepted offers made under this section within 60 days of the giving of the notice required by § 11-102.1 of this title, except those offers which have terminated because of the granting of an extended lease under § 11-137 of this title.

(g) If a deed for a unit contains an affidavit by the grantor that the provisions of this section have been fulfilled, then the grantee in that deed takes title to the unit free and clear of all claims and rights of any person arising under this section.

(h) (1) If the household does not accept the purchase offer made under this section, the owner shall:

(i) If the household qualifies as to income under § 11-137(b)(1) of this title, pay the household $375 when the household vacates the unit and reimburse the household for moving expenses as defined in § 11-101 of this title in excess of $375 up to $750 which are actually and reasonably incurred; or

(ii) If the household does not qualify as to income under § 11-137(b)(1) of this title, reimburse the household for moving expenses as defined in § 11-101 of this title up to $750 which are actually and reasonably

incurred.

(2) The household shall make a written request for moving expense reimbursement to the developer, accompanied by reasonable evidence of the costs incurred, within 30 days following moving. The developer shall reimburse the household within 30 days following receipt of the request.

§ 11-137. Unit Leased by Designated Household.

(a) (1) In this section the following words have the meanings indicated.

(2) "Annual income" means the total income from all sources, of a designated household, for the income tax year immediately preceding the year in which the notice is given under § 11-102.1 of this title, whether or not included in the definition of gross income for federal or State tax purposes. For purposes of this section, the inclusions and exclusions from annual income are the same as those listed in § 9-104(a)(8) of the Tax - Property Article, "gross income" as that term is defined for the property tax credits for homeowners by reason of income and age, but shall not include unreimbursed medical expenses if the tenant provides reasonable evidence of the unreimbursed medical expenses or consents in writing to authorize disclosure of relevant information regarding medical expense reimbursement at the time of applying for an extended lease.

(3) "Designated household" means any of the following households:

(i) A household which includes a senior citizen who has been a member of the household for a period of at least 12 months preceding the giving of the notice required by § 11-102.1 of this title; or

(ii) A household which includes an individual with a disability who has been a member of the household for a period of at least 12 months preceding the giving of the notice required by § 11-102.1 of this title.

(4) (i) "Disability" means:

1. A physical or mental impairment that substantially limits one or more of an individual's major

life activities; or

2. A record of having a physical or mental impairment that substantially limits one or more of an individual's major life activities.

(ii) "Disability" does not include the current illegal use of or addiction to:

1. A controlled dangerous substance as defined in § 5-101 of the Criminal Law Article; or

2. A controlled substance as defined in 21 U.S.C. § 802.

(5) "Household" means only those persons domiciled in the unit at the time the notice required by § 11-102.1 of this title is given.

(6) "Rental facility" means property containing 10 or more dwelling units intended to be leased to persons who occupy the dwellings as their residences.

(7) "Senior citizen" means a person who is at least 62 years old on the date that the notice required by § 11-102.1 of this title is given.

(8) "Unreimbursed medical expenses" means the cost of medical expenses not otherwise paid for by insurance or some other third party, including medical and hospital insurance premiums, co-payments, and deductibles; Medicare A and B premiums; prescription medications; dental care; vision care; and nursing care provided at home or in a nursing home or home for the aged.

(b) A developer may not grant a unit in a rental facility occupied by a designated household entitled to receive the notice required by § 11-102.1 of this title without offering to the tenant of the unit a lease

extension for a period of at least 3 years from the giving of the notice required by § 11-102.1 of this title, if the household meets the following criteria:

(1) Had an annual income which did not exceed the income eligibility figure applicable for the county or incorporated municipality in which the rental facility is located, as provided under subsection (n) of this section;

(2) Is current in its rent payment and has not violated any other material term of the lease; or

(3) Has provided the developer within 60 days after the giving of the notice required by § 11-102.1 of this title with an affidavit under penalty of perjury:

(i) Stating that the household is applying for an extended lease under this section;

(ii) Setting forth the household's annual income for the calendar year preceding the giving of the notice required by § 11-102.1 of this title together with reasonable supporting documentation of the household income and, where applicable, of unreimbursed medical expenses or a written authorization for disclosure of relevant information regarding medical expense reimbursement by doctors, hospitals, clinics, insurance companies, or similar persons, entities, or organizations that provide medical treatment coverage to the household;

(iii) Setting forth facts showing that a member of the household is either an individual with a disability or a senior citizen who, in either event, has been a member of the household for at least 12 months preceding the giving of the notice required by § 11-102.1 of this title; and

(iv) Has executed an extended lease and returned it to the developer within 60 days after the

giving of the notice required by § 11-102.1 of this title.

(c) The developer shall deliver to each tenant entitled to receive the notice required by § 11-102.1 of this title, simultaneously with the notice:

(1) An application on which may be included all of the information required by subsection (b)(3) of this section;

(2) A lease containing the terms required by this section and clearly indicating that the lease will be effective only if:

(i) The tenant executes and returns the lease not later than 60 days after the giving of the notice required by § 11-102.1 of this title; and

(ii) The household is allocated 1 of the units required to be made available to qualified households based on its ranking under subsection (k) of this section and the number of tenants executing and returning leases;

(3) A notice, delivered in the form specified in § 11-102.1(f) of this title, setting forth the rights and obligations of the tenant under this section; and

(4) A copy of the public offering statement which is registered with the Secretary of State.

(d) Within 75 days after the giving of the notice required by § 11-102.1 of this title, the developer shall notify each household which submits to the developer the documentation required by subsection (b)(3) of this section:

(1) Whether the household meets the criteria of subsection (b) of this section, and, if not, an explanation of which criteria have not been met; and

(2) Whether the extended lease has become effective.

(e) Within 75 days after the giving of the notice required by § 11-102.1 of this title, the developer shall provide to any county, incorporated municipality, or housing agency which has a right to purchase units in the rental facility under § 11-139 of this title:

(1) A notice indicating the number of units in the rental facility being made available to qualified households under subsection (k)(1) of this section;

(2) A list of all households meeting the criteria of subsection (b) of this section, indicating the ranking of each in relation to that number;

(3) A list of all households returning the affidavit required by subsection (b) of this section which do not meet all the criteria of subsection (b) of this section and copies of the notifications sent to these households under subsection (d) of this section; and

(4) A list of all households as to whom a lease has become effective.

(f) (1) The extended lease shall provide for a term commencing on acceptance and terminating not less than 3 years from the giving of the notice required by § 11-102.1 of this title.

(2) Annually, on the commencement date of the extended lease, the rental fee for the unit may be increased. The increase may not exceed an amount determined by multiplying the annual rent for the preceding year by the percentage increase for the rent component of the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (1967 = 100), as published by the U.S. Department of Labor, for

the most recent 12-month period.

(3) Except as this section otherwise permits or requires, the extended lease shall contain the same terms and conditions as the lease in effect on the day preceding the giving of the notice required by § 11-102.1 of this title.

(g) A designated household which exercises its rights under this section shall not be denied an opportunity to buy a unit at a later date, if one is available.

(h) (1) A designated household which executes an extended lease under this section which is accepted thereafter may not terminate its extended lease under § 11-102.1 of this title. A designated household may terminate its extended lease at any time, with notice to the developer or any subsequent titleholder as follows:

(i) At least a 1-month notice in writing shall be given when less than 12 months remain on the lease; and

(ii) At least a 3-month notice in writing shall be given when 12 months or more remain on the lease.

(2) Any lease executed under this section shall set forth the provisions for termination contained in this subsection.

(i) The title to units subject to the provisions of this section may be granted to a person who is not a member of the designated household, provided that:

(1) The provisions of this section continue to apply despite any transfer of title to a unit occupied by a designated household as provided in this section;

(2) The designated household is provided written

notice of the change of ownership of title by the new titleholder; and

(3) The vendor of any such unit provides the purchaser written disclosure that the unit is occupied by a designated household subject to the provisions of this section at the time of or prior to the execution of a contract of sale.

(j) The extended tenancy provided for in this section shall cease upon the occurrence of any of the following:

(1) 90 days after the death of the last surviving senior citizen or individual with a disability residing in the unit, or 90 days after the last senior citizen or individual with a disability residing in the unit has moved from the unit;

(2) Eviction for failure to pay rent due in a timely fashion or violation of a material term of the lease; or

(3) Voluntary termination of the lease by the designated household under subsection (h) of this section.

(k) (1) A developer shall set aside a percentage of the total number of units within a condominium for designated households. A developer is not required to grant extended leases covering more than 20 percent of the units within a condominium to designated households.

(2) (i) If the number of units occupied by designated households which meet the criteria of subsection (b) of this section exceeds 20 percent, then the number of available units for tenancy under the provisions of this section shall be allocated as determined by the local governing body.

(ii) If the local governing body fails to provide

for allocation, then units shall be allocated by the developer.

(iii) 1. Except as provided in subsubparagraph 2 of this subparagraph, the developer shall allocate the units based on seniority by continuous length of residence.

2. Among designated households that include individuals with disabilities, priority shall be given to households that include an individual with a physical impairment who requires wheelchair accessible housing.

(l) (1) If a conversion to condominium involves substantial rehabilitation or reconstruction of such a nature that the work involved does not permit the continued occupancy of a unit because of danger to the health and safety of the tenants, then any designated household executing an extended lease under the provisions of this section may be required to vacate their unit not earlier than the expiration of the 180-day period and to relocate at the expense of the developer in a comparable unit in the rental facility to permit such work to be performed.

(2) If there is no comparable unit available, then the designated household may be required to vacate the rental facility. When the work is completed, the developer shall notify the household of its completion. The household shall have 30 days from the date of that notice to return to their original or a comparable rental unit. The term of the extended lease of that household shall begin upon their return to the rental unit.

(3) The developer shall give 180 days' notice prior to the date that units must be vacated. The notice shall explain the household's rights under this subsection and subsection (m) of this section.

(m) (1) The developer shall pay households that

qualify as to income under subsection (b)(1) of this section $375 when the household vacates the unit and for moving expenses as defined in § 11-101 of this title in excess of $375 up to $750 which are actually and reasonably incurred. The household shall make a written request for reimbursement accompanied by reasonable evidence of the costs incurred within 30 days of moving. The developer shall reimburse the household within 30 days following receipt of the request.

(2) If a household does not qualify as to income under subsection (b)(1) of this section, the developer shall reimburse moving expenses as defined in § 11-101 of this title, up to $750, actually and reasonably incurred to the designated households eligible under this subsection. The designated household shall make a written request for reimbursement accompanied by reasonable evidence of the costs incurred within 30 days of moving. The developer shall reimburse the designated household within 30 days following receipt of the request.

(3) The developer shall also pay a compensation equivalent to 3 months' rent within 15 days of moving to the designated households eligible under this subsection.

(4) The following designated households which meet the applicable criteria of subsection (b) of this section are eligible under this subsection:

(i) A designated household which does not execute an extended lease;

(ii) A designated household which is precluded from having an extended tenancy by the limitation of subsection (k) of this section; or

(iii) A designated household which is required to vacate their rental unit under subsection (l)(2) of this

section.

(5) A developer shall also reimburse moving expenses as defined in § 11-101 of this title, up to $750, actually and reasonably incurred, to a designated household who returns to their rental unit under subsection (l)(2) of this section. The designated household shall make a written request for reimbursement accompanied by reasonable evidence of the costs incurred within 30 days following the designated household's return. The developer shall reimburse the designated household within 30 days following receipt of the request.

(n) (1) (i) The Secretary of State shall prepare income eligibility figures for each county and standard metropolitan statistical area of the State.

(ii) Except in Baltimore City, the figures shall reasonably approximate:

1. 80 percent of the median household income for each county;

2. 80 percent of the median household income for each metropolitan statistical area; and

3. The uncapped low income limits as adjusted for family size calculated by the U.S. Department of Housing and Urban Development for assisted housing programs.

(iii) In Baltimore City, the figure shall reasonably approximate 100% of the median household income for the Baltimore Metropolitan Statistical Area.

(2) Except in Baltimore City, a county or incorporated municipality may by law, ordinance, or resolution select from the figures prepared by the Secretary of State under paragraph (1)(ii) of this

subsection, the applicable income eligibility figure or figures to be used in the county or incorporated municipality.

(3) The figure prepared by the Secretary of State under paragraph (1)(iii) of this subsection shall be the income eligibility figure used in Baltimore City.

(4) Except in Baltimore City, if a county or incorporated municipality does not select an income eligibility figure or figures, 80 percent of the median household income for the county shall be used.

§ 11-138. Local Government's Right to Purchase Rental Facility.

(a) In this section, "rental facility" means property containing 10 or more dwelling units intended to be leased to persons who occupy the dwellings as their residences.

(b) (1) A county or an incorporated municipality may provide, by local law or ordinance, that a rental facility may not be granted to a purchaser for the purpose of subjecting it to a condominium regime unless the county, incorporated municipality or housing agency has first been offered in writing the right to purchase the rental facility on substantially the same terms and conditions offered by the owner to the purchaser. The local law or ordinance shall designate the title and mailing address of the person to whom the offer to the county, incorporated municipality or housing agency shall be delivered.

(2) The offer shall contain a contingency entitling the county, incorporated municipality or housing agency, to secure financing within 180 days from the date of the offer.

(3) Unless written acceptance of the offer is sooner delivered to the owner by the county, incorporated municipality or housing agency, the offer shall terminate, without further act, 60 days after it is delivered to the county, incorporated municipality or housing agency. If the offer terminates, the owner may grant the rental facility to any person for any purpose on terms and conditions not more favorable to a buyer than those offered by the owner to the county, incorporated municipality or housing agency.

(4) If the county, incorporated municipality, or housing agency purchases the rental facility, it shall retain or provide for the retention of:

(i) The property as a rental facility for at least 3 years from the date of acquisition; or

(ii) At least 20 percent of the units in the facility as rental units for 15 years from the date of acquisition for households that do not exceed the applicable income eligibility figure under § 11-137(n) of this title for the county or incorporated municipality in which the rental facility is located.

(c) A local law or ordinance adopted under subsection (b) of this section may provide that the owner of a rental facility is exempt from the provisions of this section if the purchaser of the rental facility enters into an agreement with the county, incorporated municipality, or housing agency to retain the property as a rental facility for a period not to exceed 3 years after the date of acquisition of the property.

(d) The provisions of any local law or ordinance adopted under this section shall not apply to any of the following transfers of a rental facility:

(1) Any transfer made pursuant to the terms of a bona fide mortgage or deed of trust agreement;

(2) Any transfer to a mortgagee in lieu of foreclosure or any transfer pursuant to any other proceedings, arrangement or deed in lieu of foreclosure;

(3) Any transfer made pursuant to a judicial sale or other judicial proceeding brought to secure payment of a debt or for the purpose of securing the performance of an obligation;

(4) Any transfer of the interest of one co-tenant to another co-tenant by operation of law or otherwise;

(5) Any transfer made by will or descent or by

intestate distribution;

(6) Any transfer made to any municipal, county or State government or to any agencies, instrumentalities or political subdivisions thereof;

(7) Any transfer to a spouse, son or daughter;

(8) Any transfer made pursuant to the liquidation of a partnership or corporation; or

(9) Any transfer into a partnership or corporation wholly owned by the person(s) so contributing.

(e) Any county, incorporated municipality or housing agency, by execution and delivery by the appropriate official to the grantor of an instrument in recordable form, may waive its right to purchase a particular rental facility under this section.

(f) Within 30 days of the enactment of a law or ordinance under this section, the county or incorporated municipality shall forward a copy of the law or ordinance to the Secretary of State.

§ 11-139. Local Government's Right to Purchase Units.

(a) (1) A county or an incorporated municipality may provide by local law or ordinance, that a unit in a rental facility occupied by a tenant entitled to receive the notice required by § 11-136 of this title may not be granted unless the county, incorporated municipality, or housing agency has first been offered in writing the right to purchase the unit at the same price and on the same terms and conditions initially offered for that unit to any other person. The local law or ordinance shall designate the title and mailing address of the person to whom the offer to the county, incorporated municipality or housing agency is to be delivered and the title of the person who may accept the offer on behalf of the county, incorporated municipality or housing agency.

(2) The local law or ordinance shall provide that the offer to the county, incorporated municipality or housing agency shall be made at the same time an offer is made to a tenant of the unit under § 11-136 of this title. If a tenant accepts an offer of a unit made under § 11-136 of this title, then the rights of the county, incorporated municipality or housing agency to such unit under an offer made under this section, whether or not accepted, shall terminate.

(3) Unless written acceptance of the offer is sooner delivered to the owner of the rental facility by the county, incorporated municipality or housing agency, the offer shall terminate, without further act, 120 days after it is delivered to the county, incorporated municipality or housing agency.

(b) A county, incorporated municipality or housing agency may not accept an offer made under this section for any unit if that unit together with the aggregate of other units previously accepted or not accepted, subject to an extended lease by a designated family under § 11-

136 of this title, exceeds 20 percent of the total number of units in the condominium.

(c) If a grant for a unit contains an affidavit by the grantor that the provisions of any law or ordinance enacted under this section have been fulfilled, then the grantee in that grant takes title to the unit free and clear of all claims and rights of any county, incorporated municipality or housing agency under a local law or ordinance enacted under this section.

(d) Within 30 days of the enactment of a law or ordinance under this section, the county or incorporated municipality shall forward a copy of the law or ordinance to the Secretary of State.

§ 11-139.1. Electronic Transmission of Notice.

(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.

§ 11-139.2. Electronic Transmission of Votes or Proxies.

(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.

§ 11-139.3. Meetings held by Electronic means.

(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.

§ 11-140. Legislative Intent; Local Legislative Finding and Declaration of Rental Housing Emergency; Local Laws and Regulations to Meet Emergency; Copies.

(a) The intent of the General Assembly of Maryland is to facilitate the orderly development of condominiums in Maryland. The General Assembly recognizes, however, that the conversion of rental dwellings to condominiums can have an adverse impact on the availability of rental units, resulting in the displacement of tenants.

(b) A county or incorporated municipality may, by legislative finding, recognize and declare that a rental housing emergency exists in all or part of its jurisdiction and has been caused by the conversion of rental housing to condominiums. The jurisdiction shall consider and make findings as to:

(1) The nature and incidence of condominium conversions;

(2) The resulting hardship to and displacement of tenants; and

(3) The scarcity of rental housing.

(c) Upon finding and declaration of a rental housing emergency caused by the conversion of rental housing to condominiums, a county or an incorporated municipality may by the enactment of laws, ordinances, and regulations, take the following actions to meet the emergency:

(1) Grant to a designated family as defined in § 11-137 of this title a right to an extended lease for a period in addition to that period provided for in § 11-137 of this title. The right to an extended lease may not, in any event, result in a requirement that a developer set

aside for an extended lease more than 20 percent of the total number of units.

(2) Otherwise extend any of the provisions of § 11-137 of this title except that:

(i) More than 20 percent of the total number of units may not be required to be set aside; and

(ii) The term of an extended lease for any family made a designated family by a county or an incorporated municipality may not exceed 3 years.

(3) Require that the notice required to be given under § 11-102.1 of this title be altered to disclose the effects of any actions taken under this section.

(d) Within 10 days of the enactment of a law, ordinance, or regulation under this section, a county or incorporated municipality shall forward a copy of the law, ordinance or regulation to the Secretary of State.

§ 11-141. Title Additional and Supplemental.

(a) The provisions of this title are in addition and supplemental to all other provisions of the public general laws, the public local laws, and any local enactment in the State.

(b) If the words “single family residential unit”, “property”, “blocks”, or other designation denoting a unit of land, appear in the Code, the public local laws, or any local enactment, a reference to a condominium unit or regime, whichever is appropriate, is deemed inserted after these descriptive terms where appropriate to implement this title.

(c) If the application of the provisions of this title conflict with the application of other provisions of the public general laws, public local laws, or any local enactment, in the State, the provisions of this title shall prevail.

§ 11-142. Applicability to Existing Condominiums.

(a) Except as otherwise provided in this section, this title is applicable to all condominiums. However, with respect to condominiums established before July 1, 1982, the declaration or master deed, bylaws, or condominium plat need not be amended to comply with the requirements of this title.

(b) Except to the extent that the declaration or master deed, bylaws, or plat provide otherwise, §§ 11-114 and 11-123 of this title are applicable to all condominiums.

(c) Unless the developer elects to conform to the requirements of § 11-120 of this title, § 11-120 of this title is not applicable to those condominiums created prior to July 1, 1974 under circumstances where the developer reserved the right to expand the condominium.

(d) As to condominiums created prior to July 1, 1981, compliance with § 11-124 of this title as in effect on June 30, 1981, is deemed compliance with § 11-126 of this title as effective on July 1, 1981.

(e) Section 11-133 of this title is applicable only to leases or management and similar contracts executed after July 1, 1974.

(f) Sections 11-127, 11-131, 11-136, 11-137, 11-138, 11-139, and 11-140 of this title do not apply to the conversion of residential rental property for which a notice of intention to create a condominium was issued before July 1, 1981, if:

(1) (i) On or before March 15, 1982, units in the residential rental property have been publicly offered for sale as condominium units; and

(ii) On or before March 15, 1982, 35 percent of the units in the residential rental property are under a contract to be sold pursuant to a bona fide, arm's length transaction;

(2) (i) On or before March 15, 1982, the residential rental property has been subjected to a condominium regime, or, in the case of an expanding condominium, the residential rental property is shown on the condominium plat filed on or before March 15, 1982;

(ii) Units in the condominium have been publicly offered for sale on or before April 15, 1982; and

(iii) On or before May 15, 1982, at least 10 percent of the units in the condominium, or in the case of an expanding condominium, 10 percent of the total number of units to be contained in the condominium as fully expanded, are under a contract to be sold in a bona fide, arm's length transaction; or

(3) A developer or its affiliate entered into a contract to purchase the residential rental property between January 1, 1980 and December 31, 1980, and the developer or its affiliate does not meet the requirements of paragraph (1) or (2) of this subsection. Such a developer or its affiliate shall comply with §§ 11-136 and 11-137 of this title.

§ 11-143. Short Title.

This title may be cited as the Maryland Condominium Act.

Maryland Homeowners Association Act

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Annotated Code of Maryland
Real Property
Title 11B. Maryland Homeowners Association Act

MD Code, Real Property, § 11B-101

§ 11B-101. Definitions

(a) In this title the following words have the meanings indicated, unless the context requires otherwise.

(b) "Common areas" means property which is owned or leased by a homeowners association.

(c) "Declarant" means any person who subjects property to a declaration.

(d) (1) "Declaration" means an instrument, however denominated, recorded among the land records of the county in which the property of the declarant is located, that creates the authority for a homeowners association to impose on lots, or on the owners or occupants of lots, or on another homeowners association, condominium, or cooperative housing corporation any mandatory fee in connection with the provision of services or otherwise for the benefit of some or all of the lots, the owners or occupants of lots, or the common areas.

(2) "Declaration" includes any amendment or supplement to the instruments described in paragraph (1) of this subsection.

(3) "Declaration" does not include a private right-of-way or similar agreement unless it requires a mandatory fee payable annually or at more frequent intervals.

(e) "Depository" or "homeowners association

depository" means the document file created by the clerk of the court of each county and the City of Baltimore where a homeowners association may periodically deposit information as required by this title.

(f) (1) "Development" means property subject to a declaration.

(2) "Development" includes property comprising a condominium or cooperative housing corporation to the extent that the property is part of a development.

(3) "Development" does not include a cooperative housing corporation or a condominium.

(g) "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that:

(1) May be retained, retrieved, and reviewed by a recipient of the communication; and

(2) May be reproduced directly in paper form by a recipient through an automated process.

(h) "Governing body" means the homeowners association, board of directors, or other entity established to govern the development.

(i) (1) "Homeowners association" means a person having the authority to enforce the provisions of a declaration.

(2) "Homeowners association" includes an incorporated or unincorporated association.

(j) (1) "Lot" means any plot or parcel of land on which a dwelling is located or will be located within a development.

(2) “Lot” includes a unit within a condominium or cooperative housing corporation if the condominium or cooperative housing corporation is part of a development.

(k) “Primary development” means a development such that the purchaser of a lot will pay fees directly to its homeowners association.

(l) “Recorded covenants and restrictions” means any instrument of writing which is recorded in the land records of the jurisdiction within which a lot is located, and which instrument governs or otherwise legally restricts the use of such lot.

(m) “Related development” means a development such that the purchaser of a lot will pay fees to the homeowners association of such development through the homeowners association of a primary development or another development.

(n) “Unaffiliated declarant” means a person who is not affiliated with the vendor of a lot but who has subjected such property to a declaration required to be disclosed by this title.

§ 11B-102. Application of title

(a) Except as expressly provided in this title, the provisions of this title apply to all homeowners associations that exist in the State after July 1, 1987.

(b) The provisions of §§ 11B-105 and 11B-108 of this title do not apply to the initial sale of lots within the development to members of the public if on July 1, 1987:

(1) More than 50 percent of the lots included within or to be included within the development have been sold under a bona fide arm's length contract to members of the public who intend to occupy or rent the lots for residential purposes; and

(2) Less than 100 lots included within or to be included within the development have not been sold under a bona fide arm's length contract to members of the public who intend to occupy or rent the lots for residential purposes.

(c) The provisions of § 11B-110 of this title do not apply to common area improvements substantially completed before July 1, 1987.

(d) The provisions of § 11B-105 of this title do not apply to developments containing 12 or fewer lots or in which 12 or fewer lots remain to be sold as of July 1, 1987.

(e) Except as provided in § 11B-101(f) of this title, this title does not apply to any property which is:

(1) Part of a condominium regime governed by Title 11 of this article;

(2) Part of a cooperative housing corporation; or

(3) To be occupied and used for nonresidential

purposes.

(f) For any contract for the sale of a lot that is entered into before July 1, 1987, the provisions of §§ 11B-105, 11B-106, 11B-107, and 11B-108 of this title do not apply.

§ 11B-103. Variation of provisions of title by agreement prohibited

Except as expressly provided in this title, the provisions of this title may not be varied by agreement, and rights conferred by this title may not be waived. A declarant or vendor may not act under a power of attorney or use any other device to evade the requirements, limitations, or prohibitions of this title.

§ 11B-104. Construction and application of building codes or zoning laws

(a) The provisions of all laws, ordinances, and regulations concerning building codes or zoning shall have full force and effect to the extent that they apply to a development and shall be construed and applied with reference to the overall nature and use of the property without regard to whether the property is part of a development.

(b) A local government may not enact any law, ordinance, or regulation which would:

(1) Impose a burden or restriction on property which is part of a development because it is part of a development;

(2) Require that additional disclosures relating to the development be made to purchasers of lots within the development, other than the disclosures required by § 11B-105, § 11B-106, or § 11B-107 of this title;

(3) Provide that the disclosures required by § 11B-105, § 11B-106, or § 11B-107 of this title be registered or otherwise subject to the approval of any governmental agency;

(4) Provide that additional cancellation rights be provided to purchasers, other than the cancellation rights under § 11B-108(b) and (c) of this title;

(5) Create additional implied warranties or require additional express warranties on improvements to common areas other than those warranties described in § 11B-110 of this title; or

(6) Expand the open meeting requirements of § 11B-111 of this title or open record requirements of § 11B-112 of this title.

(c) (1) In this subsection, “governing document” has the meaning stated in § 11B–116(a) of this subtitle.

(2) Subject to the provisions of this title, a code home rule county located in the Southern Maryland class, as identified in § 9–302 of the Local Government Article, may establish a homeowners association commission with the authority to hear and resolve disputes between a homeowners association and a homeowner regarding the enforcement of the governing documents of the homeowners association by providing alternative dispute resolution services, including binding arbitration.

§ 11B-105. Initial sales in developments containing more than 12 lots

(a) A contract for the initial sale of a lot in a development containing more than 12 lots to a member of the public who intends to occupy or rent the lot for residential purposes is not enforceable by the vendor unless:

(1) The purchaser is given, at or before the time a contract is entered into between the vendor and the purchaser, or within 7 calendar days of entering into the contract, the disclosures set forth in subsection (b) of this section;

(2) The purchaser is given notice of any changes in mandatory fees and payments exceeding 10 percent of the amount previously stated to exist or any other substantial and material amendment to the disclosures after the same becomes known to the vendor; and

(3) The contract of sale contains a notice in conspicuous type, which shall include bold and underscored type, in a form substantially the same as the following:

"This sale is subject to the requirements of the Maryland Homeowners Association Act (the "Act"). The Act requires that the seller disclose to you at or before the time the contract is entered into, or within 7 calendar days of entering into the contract, certain information concerning the development in which the lot you are purchasing is located. The content of the information to be disclosed is set forth in § 11B-105(b) of the Act (the "MHAA information") as follows:

(The notice shall include at this point the text of § 11B-

105(b) in its entirety).

If you have not received all of the MHAA information 5 calendar days or more before entering into the contract, you have 5 calendar days to cancel this contract after receiving all of the MHAA information. You must cancel the contract in writing, but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding 10% of the amount previously stated to exist and copies of any other substantial and material amendment to the information provided to you. You have 3 calendar days to cancel this contract after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendment to the MHAA information which adversely affects you. If you do cancel the contract you will be entitled to a refund of any deposit you made on account of the contract. However, unless you return the MHAA information to the seller when you cancel the contract, the seller may keep out of your deposit the cost of reproducing the MHAA information, or $100, whichever amount is less.

By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities, and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:

(1) Architectural changes, design, color, landscaping, or appearance;

(2) Occupancy density;

(3) Kind, number, or use of vehicles;

(4) Renting, leasing, mortgaging, or conveying property;

(5) Commercial activity; or

(6) Other matters.

You should review the MHAA information carefully to ascertain your rights, responsibilities, and obligations within the development."

(b) The vendor shall provide the purchaser the following information in writing:

(1) (i) The name, principal address, and telephone number of the vendor and of the declarant, if the declarant is not the vendor; or

(ii) If the vendor is a corporation or partnership, the names and addresses of the principal officers of the corporation, or general partners of the partnership;

(2) (i) The name, if any, of the homeowners association; and

(ii) If incorporated, the state in which the homeowners association is incorporated and the name of the Maryland resident agent;

(3) A description of:

(i) The location and size of the development, including the minimum and maximum number of lots currently planned or permitted, if applicable, which may be contained within the development; and

(ii) Any property owned by the declarant or the

vendor contiguous to the development which is to be dedicated to public use;

(4) If the development is or will be within or a part of another development, a general description of the other development;

(5) If the declarant has reserved in the declaration the right to annex additional property to the development, a description of the size and location of the additional property and the approximate number of lots currently planned to be contained in the development, as well as any time limits within which the declarant may annex such property;

(6) A copy of:

(i) The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable; and

(ii) The bylaws and rules of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable;

(7) A description or statement of any property which is currently planned to be owned, leased, or maintained by the homeowners association;

(8) A copy of the estimated proposed or actual annual budget for the homeowners association for the current fiscal year, including a description of the replacement reserves for common area improvements, if any, and a copy of the current projected budget for the homeowners association based upon the development fully expanded in accordance with expansion rights contained in the declaration;

(9) A statement of current or anticipated mandatory fees or assessments to be paid by owners of lots within the development for the use, maintenance, and operation of common areas and for other purposes related to the homeowners association and whether the declarant or vendor will be obligated to pay the fees in whole or in part;

(10) (i) A brief description of zoning and other land use requirements affecting the development; or

(ii) A written disclosure of where the information is available for inspection;

(11) A statement regarding:

(i) When mandatory homeowners association fees or assessments will first be levied against owners of lots;

(ii) The procedure for increasing or decreasing such fees or assessments;

(iii) How fees or assessments and delinquent charges will be collected;

(iv) Whether unpaid fees or assessments are a

personal obligation of owners of lots;

(v) Whether unpaid fees or assessments bear interest and if so, the rate of interest;

(vi) Whether unpaid fees or assessments may be enforced by imposing a lien on a lot under the terms of the Maryland Contract Lien Act; and

(vii) Whether lot owners will be assessed late charges or attorneys' fees for collecting unpaid fees or assessments and any other consequences for the nonpayment of the fees or assessments;

(12) If any sums of money are to be collected at settlement for contribution to the homeowners association other than prorated fees or assessments, a statement of the amount to be collected and the intended use of such funds; and

(13) A description of special rights or exemptions reserved by or for the benefit of the declarant or the vendor, including:

(i) The right to conduct construction activities within the development;

(ii) The right to pay a reduced homeowners association fee or assessment; and

(iii) Exemptions from use restrictions or architectural control provisions contained in the declaration or provisions by which the declarant or the vendor intends to maintain control over the homeowners association.

(c) Except as provided in subsection (d) of this

section, the requirements of subsection (b) of this section shall be deemed to have been fulfilled if the information required to be disclosed is provided to the purchaser in writing in a clear and concise manner. The disclosure may be summarized or produced in a collection of documents, including plats, the declaration, or the organizational documents of the homeowners association, provided those documents effectively convey the required information to the purchaser.

(d) (1) (i) Subject to the provisions of subparagraph (ii) of this paragraph, if any of the information required to be disclosed by subsection (b) of this section concerns property that is subjected to a declaration by a person who is not affiliated with the vendor, within 20 calendar days after receipt of a written request from the vendor of such property, and receipt of a reasonable fee therefor not to exceed the cost, if any, of reproduction, an unaffiliated declarant shall notify the vendor in writing of the information that is contained in the depository, and furnish the information necessary to enable the vendor to comply with subsection (b) of this section; and

(ii) An unaffiliated declarant may not be required to furnish information regarding a homeowners association over which the unaffiliated declarant has no control, or with respect to any declaration which the unaffiliated declarant did not file.

(2) A vendor is not liable to the purchaser for any erroneous information provided by an unaffiliated declarant, so long as the vendor provides the purchaser with a certificate stating the name of the person who provided the information along with an address and telephone number for contacting such person.

(e) (1) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

(2) In satisfying a vendor's request for any information described under subsection (b) of this section, a homeowners association:

(i) Shall be entitled to direct the vendor to obtain such information from the depository for all disclosures contained in the depository after June 30, 1989; and

(ii) May not be required to supply a vendor with any information which is contained in the depository.

(f) The provisions of this section do not apply to a sale of a lot in an action to foreclose a mortgage or deed of trust.

§ 11B-106. Resales within developments or initial sales within small developments

(a) A contract for the resale of a lot within a development, or for the initial sale of a lot within a development containing 12 or fewer lots, to a member of the public who intends to occupy or rent the lot for residential purposes, is not enforceable by the vendor unless:

(1) The purchaser is given, on or before entering into the contract for the sale of such lot, or within 20 calendar days of entering into the contract, the disclosures set forth in subsection (b) of this section;

(2) The purchaser is given any changes in mandatory fees and payments exceeding 10 percent of the amount previously stated to exist and any other substantial and material amendment to the disclosures after they become known to the vendor; and

(3) The contract of sale contains a notice in conspicuous type, which shall include bold and underscored type, in a form substantially the same as the following:

"This sale is subject to the requirements of the Maryland Homeowners Association Act (the "Act"). The Act requires that the seller disclose to you at or before the time the contract is entered into, or within 20 calendar days of entering into the contract, certain information concerning the development in which the lot you are purchasing is located. The content of the information to be disclosed is set forth in § 11B–106(b) of the Act (the "MHAA information") as follows:

(The notice shall include at this point the text of § 11B–106(b) in its entirety).

If you have not received all of the MHAA information 5

calendar days or more before entering into the contract, you have 5 calendar days to cancel this contract after receiving all of the MHAA information. You must cancel the contract in writing, but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding 10% of the amount previously stated to exist and copies of any other substantial and material amendment to the information provided to you. You have 3 calendar days to cancel this contract after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendment to the MHAA information which adversely affects you. If you do cancel the contract you will be entitled to a refund of any deposit you made on account of the contract. However, unless you return the MHAA information to the seller when you cancel the contract, the seller may keep out of your deposit the cost of reproducing the MHAA information, or $100, whichever amount is less.

By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities, and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:

(1) Architectural changes, design, color, landscaping, or appearance;

(2) Occupancy density;

(3) Kind, number, or use of vehicles;

(4) Renting, leasing, mortgaging, or conveying property;

(5) Commercial activity; or

(6) Other matters.

You should review the MHAA information carefully to ascertain your rights, responsibilities, and obligations within the development."

(b) The vendor shall provide the purchaser the following information in writing:

(1) A statement as to whether the lot is located within a development;

(2) (i) The current monthly fees or assessments imposed by the homeowners association upon the lot;

(ii) The total amount of fees, assessments, and other charges imposed by the homeowners association upon the lot during the prior fiscal year of the homeowners association; and

(iii) A statement of whether any of the fees, assessments, or other charges against the lot are delinquent;

(3) The name, address, and telephone number of the management agent of the homeowners association, or other officer or agent authorized by the homeowners association to provide to members of the public, information regarding the homeowners association and the development, or a statement that no agent or officer is presently so authorized by the homeowners association;

(4) A statement as to whether the owner has actual knowledge of:

(i) The existence of any unsatisfied judgments or pending lawsuits against the homeowners association; and

(ii) Any pending claims, covenant violations

actions, or notices of default against the lot; and

(5) A copy of:

(i) The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development, and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner's tenants, if applicable; and

(ii) The bylaws and rules of the primary development, and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable.

(c) (1) Except as provided in paragraph (4) of this subsection, within 20 days after a written request by a lot owner other than a declarant and receipt of a reasonable fee, not to exceed the cost to the homeowners association, if any, up to a maximum of $250, the homeowners association, the management agent of the homeowners association, or any other authorized officer or agent of the homeowners association, shall provide the information listed under subsection (b) of this section.

(2) In addition to the fee under paragraph (1) of this subsection, the homeowners association is entitled to a reasonable fee not to exceed $50 for an inspection of the lot owner's lot if the inspection is required by the governing documents of the homeowners association.

(3) In addition to the fees under paragraphs (1) and (2) of this subsection, the homeowners association

is entitled to a reasonable fee:

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

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

(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 on 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.

(d) (1) Within 30 calendar days of any resale transfer of a lot within a development, the transferor shall notify the homeowners association for the primary development of the transfer.

(2) The notification shall include, to the extent reasonably available, the name and address of the transferee, the name and forwarding address of the transferor, the date of transfer, the name and address of any mortgagee, and the proportionate amount of any outstanding homeowners association fee or assessment assumed by each of the parties to the transaction.

(e) The requirements of subsection (b) of this section shall be deemed to have been fulfilled if the

information required to be disclosed is provided to the purchaser in writing in a clear and concise manner. The disclosures may be summarized or produced in any collection of documents, including plats, the declaration, or the organizational documents of the homeowners association, provided those documents effectively convey the required information to the purchaser.

(f) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

(g) The provisions of subsections (a), (b), (e), and (f) of this section do not apply to the sale of a lot in an action to foreclose a mortgage or deed of trust.

§ 11B-106.1. Election of governing body of homeowners association

Meeting to elect governing body of homeowners association

(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.

§ 11B-106.2. Sale of Common Area Property – Notice Requirements

(a) Notwithstanding any bylaw, provision of a declaration, rule, or other provision of law, the governing body of a homeowners association or, if control of the governing body has not yet transitioned to the lot owners, the declarant shall give notice in accordance with subsection (b) of this section no less than 30 days before the sale, including a tax sale, of any common area located on property that has been transferred to the homeowners association.

(b) The notice requirement under subsection (a) of this section shall be satisfied by:

(1) Providing written notice about the sale to each lot owner; or

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

(ii) If the homeowners association has a Web site, providing notice about the sale on the home page of the Web site of the homeowners association.

§ 11B-107. Initial sales of lots used for nonresidential purposes

(a) A contract for the initial sale of a lot in a development of any size to a person who does not intend to occupy or rent the lot for residential purposes is not enforceable by the vendor unless:

(1) The purchaser is given, at or before the time a contract is entered into between the vendor and the purchaser, or within 7 calendar days of entering into the contract, the disclosures set forth in subsection (b) of this section;

(2) The purchaser is given notice of any change in mandatory fees and payments exceeding 10 percent of the amount previously stated to exist or any other substantial and material amendment to the disclosures after the same becomes known to the vendor; and

(3) The purchaser is given at or before the time a contract is entered into between the vendor and the purchaser, a notice in a form substantially the same as the following:

"NOTICE

The seller is required by law to furnish you at or before the time a contract is entered into, or within 7 calendar days of entering into the contract, all of the information listed in § 11B-107(b) of the Maryland Homeowners Association Act. The information is as follows: (The notice shall include at this point the text of § 11B-107(b) in its entirety)."

(b) The vendor shall provide the purchaser the following information in writing:

(1) The name, principal address, and telephone number of the vendor and of the declarant, if the declarant is not the vendor;

(2) A description of:

(i) The location and size of the development, including the minimum and maximum number of lots currently planned or permitted, if applicable, which may be contained within the development; and

(ii) Any property owned by the declarant or the vendor contiguous to the development which is to be dedicated to public use; and

(3) A copy of the bylaws and rules of the primary development, and of other related developments to the extent available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable.

(c) In satisfying a vendor's request for any information described under subsection (b) of this section, a homeowners association:

(1) Shall be entitled to direct the vendor to obtain the information from the depository for all disclosures contained in the depository after June 30, 1989; and

(2) May not be required to supply a vendor with any information which is contained in the depository.

(d) The provisions of this section do not apply to a sale of a lot in an action to foreclose a mortgage or deed of trust.

§ 11B-108. Rights of purchaser to cancel contract

(a) A person who enters into a contract as a purchaser but who has not received all of the disclosures required by § 11B–105, § 11B–106, or § 11B–107 of this title, as applicable, shall, prior to settlement, be entitled to cancel the contract and to the immediate return of deposits made on account of the contract.

(b) (1) Any purchaser who has not received all of the disclosures required under § 11B–105 or § 11B–106 of this title, as applicable, 5 calendar days or more before the contract was entered into, within 5 calendar days following receipt by the purchaser of the disclosures required by § 11B–105(a) and (b) or § 11B–106(a) and (b) of this title, as applicable, may cancel in writing the contract without stating a reason and without liability on the part of the purchaser.

(2) The purchaser shall be entitled to the return of any deposits made on account of the contract, except that the vendor shall be entitled to retain the cost of reproducing the information specified in § 11B–105(b), § 11B–106(b), or § 11B–107(b) of this title, as applicable, or $100, whichever amount is less, if the disclosures are not returned to the vendor at the time the contract is canceled.

(c) Any purchaser may within 3 calendar days following receipt by the purchaser of a change in mandatory fees and payments exceeding 10 percent of the amount previously stated to exist or any other substantial and material amendment to the disclosures required by § 11B–105 or § 11B–106 of this title, as applicable, which adversely affects the purchaser, cancel in writing the contract without stating a reason and without liability on the part of the purchaser, and the purchaser shall be entitled to the return of deposits made on account of the contract.

(c–1) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to a purchaser under subsection (a), (b), or (c) of this section shall comply with the procedures set forth in § 17–505 of the Business Occupations and Professions Article.

(d) The rights of a purchaser under this section may not be waived in the contract and any attempted waiver is void. However, if any purchaser proceeds to settlement, the purchaser's right to cancel under this section is terminated.

(e) In satisfying the requirements of subsection (b) of this section, the vendor shall be entitled to rely upon the disclosures contained in the depository after June 30, 1989.

(f) The provisions of this section do not apply to a sale of a lot in an action to foreclose a mortgage or deed of trust.

§ 11B-109. False statements or omissions of material fact

(a) Any vendor, required under § 11B–105, § 11B–106, or § 11B–107 of this title to disclose information to a purchaser, who makes an untrue statement of a material fact, or who omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, shall be liable for damages proximately caused by the untrue statement or omission to the person purchasing a lot from that vendor. However, an action may not be maintained to enforce a liability created under this section unless brought within one year after the facts constituting the cause of action have or should have been discovered.

(b) A vendor may not be liable under subsection (a) of this section if the vendor had, after reasonable investigation, reasonable grounds to believe, and did believe, at the time the information required to be disclosed under § 11B–105, § 11B–106, or § 11B–107 of this title 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 not misleading.

(c) The provisions of this section do not apply to trustees, mortgagees, assignees of mortgagees or other persons selling a lot in an action to foreclose a mortgage or deed of trust.

§ 11B-110. Implied warranties relating to improvements to common areas

(a) (1) In addition to the implied warranties on private dwelling units under § 10–203 of this article and the express warranties on private dwelling units under § 10–202 of this article, there shall be an implied warranty to the homeowners association that the improvements to common areas are:

(i) Free from faulty materials;

(ii) Constructed in accordance with sound engineering standards; and

(iii) Constructed in a workmanlike manner.

(2) (i) Subject to the provisions of subparagraph (ii) of this paragraph, if the improvements to the common areas were constructed by the vendor, its agents, servants, employees, contractors, or subcontractors, then the warranty on improvements shall be from the vendor of the lots within the development.

(ii) If the improvements to the common areas were constructed on the common areas prior to its conveyance to the homeowners association, then the warranty on improvements shall be from the grantor of the common areas.

(3) (i) The warranty on improvements to the common areas begins with the first transfer of title to a lot to a member of the public by the vendor of the lot.

(ii) The warranty on improvements to common areas not completed at the first transfer of title to a lot shall begin with the completion of the improvement or with its availability for use by lot owners, whichever occurs later.

(iii) The warranty extends for a period of 2 years from commencement under subparagraph (i) or (ii) of this paragraph or 2 years from the date on which the lot owners, other than the declarant and its affiliates, first elect a controlling majority of the members of the governing body of the homeowners association, whichever occurs later.

(4) Suit for enforcement of the warranty on improvements to the common areas may be brought by either the homeowners association or by an individual lot owner.

(b) Notice of a defect shall be given within the warranty period and suit for enforcement of the warranty shall be brought within one year of the expiration of the warranty period.

(c) Warranties shall not apply to defects caused through abuse or failure to perform maintenance by a lot owner or the homeowners association.

§ 11B-111. Homeowners association meetings

Except as provided in this title, and notwithstanding anything contained in any of the documents of the homeowners association:

(1) Subject to the provisions of item (4) of this section, all meetings of the homeowners association, including meetings of the board of directors or other governing body of the homeowners association or a committee of the homeowners association, shall be open to all members of the homeowners association or their agents;

(2) All members of the homeowners association shall be given reasonable notice of all regularly scheduled open meetings of the homeowners association;

(3) (i) This item does not apply to any meeting of a governing body that occurs at any time before the lot owners, other than the developer, have a majority of votes in the homeowners association, as provided in the declaration;

(ii) Subject to item (iii) of this item and to reasonable rules adopted by a governing body, a governing body shall provide a designated period of time during a meeting to allow lot owners an opportunity to comment on any matter relating to the homeowners association;

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

(iv) The governing body shall convene at least one meeting each year at which the agenda is open to any matter relating to the homeowners association;

(4) A meeting of the board of directors or other governing body of the homeowners association or a committee of the homeowners association may be held in closed session only for the following purposes:

(i) Discussion of matters pertaining to employees and personnel;

(ii) Protection of the privacy or reputation of individuals in matters not related to the homeowners association's business;

(iii) Consultation with legal counsel on legal matters;

(iv) Consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) 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 homeowners association;

(vii) Compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(viii) Discussion of individual owner assessment accounts;

(5) If a meeting is held in closed session under item (4) of this section:

(i) An action may not be taken and a matter may not be discussed if it is not permitted by item (4) of this section; and

(ii) A statement of the time, place, and purpose of a closed meeting, the record of the vote of each board or committee member by which the meeting was closed, and the authority under this section for closing a meeting shall be included in the minutes of the next meeting of the board of directors or the committee of the homeowners association; and

(6) (i) If the number of lot owners present in person or by proxy at a properly called meeting is insufficient to constitute a quorum, an additional meeting of the lot 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 item (6) might be invoked; and

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

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

(ii) An additional meeting called under item (i) of this item shall occur not less than 15 days after the initial properly called meeting;

(iii) 1. 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 item (i) of this item shall be:

A. Delivered, mailed, or sent by electronic transmission, if the requirements of § 11B–113.1 of this

title are met, to each lot owner at the address shown on the roster maintained by the homeowners association;

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

C. If the homeowners association has a website, posted on the homepage of the website; and

2. The notice shall contain the quorum and voting provisions of item (iv) of this item;

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

2. Unless the bylaws provide otherwise, a majority of the lot 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 lot owners had been present; and

(v) This item (6) 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.

§ 11B-111.1 Use of residence for child care

(a) (1) In this section the following words have the meanings indicated.

(2) "Child care provider" means the adult who has primary responsibility for the operation of a family child care home.

(3) "Family child care home" means a unit registered under Title 9.5, Subtitle 3 of the Education Article.

(4) "No–impact home–based business" means a business that:

(i) Is consistent with the residential character of the dwelling unit;

(ii) Is subordinate to the use of the dwelling unit for residential purposes and requires no external modifications that detract from the residential appearance of the dwelling unit;

(iii) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of common expenses that can be solely and directly attributable to a no–impact home–based business; and

(iv) Does not involve use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation or the State or any local governing body designates as a hazardous material.

(b) (1) The provisions of this section relating to family child care homes do not apply to a homeowners association that is limited to housing for older persons, as defined under the federal Fair Housing Act.

(2) The provisions of this section relating to no–impact home–based businesses do not apply to a homeowners association that has adopted, prior to July 1, 1999, procedures in accordance with its covenants, declaration, or bylaws for the prohibition or regulation of no–impact home–based businesses.

(c) (1) Subject to the provisions of subsections (d) and (e)(1) of this section, a recorded covenant or restriction, a provision in a declaration, or a provision of the bylaws or rules of a homeowners association that prohibits or restricts commercial or business activity in general, but does not expressly apply to family child care homes or no–impact home–based businesses, may not be construed to prohibit or restrict:

(i) The establishment and operation of family child care homes or no–impact home–based businesses; or

(ii) Use of the roads, sidewalks, and other common areas of the homeowners association by users of the family child care home.

(2) Subject to the provisions of subsections (d) and (e)(1) of this section, the operation of a family child care home or no–impact home–based business shall be:

(i) Considered a residential activity; and

(ii) A permitted activity.

(d) (1) (i) Except as provided in subparagraph (ii) of this paragraph and subject to the provisions of paragraphs (2) and (3) of this subsection, a homeowners association may include in its declaration, bylaws, or recorded covenants and restrictions a provision expressly prohibiting the use of a residence as a family child care home or no–impact home–based business.

(ii) A homeowners association may not include a provision described under subparagraph (i) of this paragraph expressly prohibiting the use of a residence as a family child care home in its declaration, bylaws, or recorded covenants and restrictions until the lot owners, other than the developer, have 90% of the votes in the homeowners association.

(iii) A provision described under subparagraph (i) of this paragraph expressly prohibiting the use of a residence as a family child care home or no–impact home–based business shall apply to an existing family child care home or no–impact home–based business in the homeowners association.

(2) A provision described under paragraph (1)(i) of this subsection expressly prohibiting the use of a residence as a family child care home or no–impact home–based business may not be enforced unless it is approved by a simple majority of the total eligible voters of the homeowners association, not including the developer, under the voting procedures contained in the declaration or bylaws of the homeowners association.

(3) If a homeowners association includes in its declaration, bylaws, or recorded covenants and restrictions a provision prohibiting the use of a residence as a family child care home or no–impact home–based business, it shall also include a provision stating that the

prohibition may be eliminated and family child care homes or no–impact home–based businesses may be approved by a simple majority of the total eligible voters of the homeowners association under the voting procedures contained in the declaration or bylaws of the homeowners association.

(4) If a homeowners association includes in its declaration, bylaws, or recorded covenants and restrictions a provision expressly prohibiting the use of a residence as a family child care home or no–impact home–based business, the prohibition may be eliminated and family child care or no–impact home–based business activities may be permitted by the approval of a simple majority of the total eligible voters of the homeowners association under the voting procedures contained in the declaration or bylaws of the homeowners association.

(e) A homeowners association may include in its declaration, bylaws, rules, or recorded covenants and restrictions a provision that:

(1) Requires child care providers to pay on a pro rata basis based on the total number of family child care homes operating in the homeowners association any increase in insurance costs of the homeowners association that are solely and directly attributable to the operation of family child care homes in the homeowners association; and

(2) Imposes a fee for use of common areas in a reasonable amount not to exceed $50 per year on each family child care home or no–impact home–based business which is registered and operating in the homeowners association.

(f) (1) If the homeowners association regulates the number or percentage of family child care homes under subsection (e)(1) of this section, in order to assure compliance with this regulation, the homeowners association may require residents to notify the homeowners association before opening a family child care home.

(2) The homeowners association may require residents to notify the homeowners association before opening a no–impact home–based business.

(g) (1) A child care provider in a homeowners association:

(i) Shall obtain the liability insurance described under §§ 19–106 and 19–203 of the Insurance Article in at least the minimum amount described under that statute; and

(ii) May not operate without the liability insurance described under item (i) of this paragraph.

(2) A homeowners association may not require a child care provider to obtain insurance in an amount greater than the minimum amount required under paragraph (1) of this subsection.

(h) A homeowners association may restrict or prohibit a no–impact home–based business in any common areas.

§ 11B-111.2 Candidate or political signs

(a) In this section, "candidate sign" means a sign on behalf of a candidate for public office or a slate of candidates for public office.

(b) Except as provided in subsection (c) of this section, a recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a homeowners association may not restrict or prohibit the display of:

(1) A candidate sign; or

(2) A sign that advertises the support or defeat of any question submitted to the voters in accordance with the Election Law Article.

(c) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a homeowners association may restrict the display of a candidate sign or a sign that advertises the support or defeat of any proposition:

(1) In the common areas;

(2) In accordance with provisions of federal, State, and local law; or

(3) If a limitation to the time period during which signs may be displayed is not specified by a law of the jurisdiction in which the homeowners association is located, to a time period not less than:

(i) 30 days before the primary election, general election, or vote on the proposition; and

(ii) 7 days after the primary election, general election, or vote on the proposition.

§ 11B-111.3 Distribution of materials to lot owners

(a) This section does not apply to the distribution of information or materials at any time before the lot owners, other than the developer, have a majority of votes in the homeowners association, as provided in the declaration.

(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 under this section:

(1) Any information or materials reflecting the assessments imposed on lot owners in accordance with a recorded covenant, the declaration, bylaw, or rule of the homeowners association; 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 homeowners association may not restrict a lot owner from distributing written information or materials regarding the operation of or matters relating to the operation of the homeowners association in any manner or place that the governing body distributes written information or materials.

§ 11B-111.4 Meetings of lot owners

(a) This section does not apply to any meetings of lot owners occurring at any time before the lot owners, other than the developer, have a majority of the votes in the homeowners association, as provided in the declaration.

(b) Subject to reasonable rules adopted by the governing body, lot owners may meet for the purpose of considering and discussing the operation of and matters relating to the operation of the homeowners association in any common areas or in any building or facility in the common areas that the governing body of the homeowners association uses for scheduled meetings.

§ 11B-111.5 Appointment of receiver to manage homeowners association

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

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

(2) The lot owners shall mail a copy of the notice to the owner of each lot in the development.

(c) If the governing body fails to fill vacancies sufficient to constitute a quorum within the notice period, the lot owners may proceed with the petition.

(d) A receiver appointed by a court under this section may not reside in or own a lot in the development governed by the homeowners association.

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

(2) The receiver shall serve until the homeowners association fills vacancies on the governing body sufficient to constitute a quorum.

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

§ 11B-111.6 Purchase of fidelity insurance by homeowners association

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

(b) This section does not apply to a homeowners association:

(1) That has four or fewer lot owners; and

(2) For which 3 months' worth of gross annual homeowners association fees is less than $2,500.

(c) (1) The board of directors or other governing body of a homeowners association shall purchase fidelity insurance not later than the time of the first conveyance of a lot to a person other than the declarant 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 homeowners association against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts by:

(i) Any officer, director, managing agent, or other agent or employee charged with the operation or maintenance of the homeowners association 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 homeowners association 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 or on behalf of the homeowners

association under § 11B–112 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 homeowners association fees 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 lot owner believes that the board of directors or other governing body of a homeowners association has failed to comply with the requirements of this section, the aggrieved lot owner may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General under § 11B–115 of this title.

§ 11B-111.7 Number of Declarant Votes

(a) Notwithstanding any other provision of law or any provision in the declaration, bylaws, rules, deeds, agreements, or recorded covenants or restrictions of a homeowners association, beginning on the date on which all lots that may be part of the development have been subdivided and recorded in the land records of the county in which the homeowners association is located, the declarant, when voting on a homeowners association matter, shall be entitled to one vote per lot that:

(1) Has been subdivided and recorded in the land records of the county in which the homeowners association is located; and

(2) Has not been sold to members of the public.

(b) Before the date on which all lots that may be part of the development have been subdivided and recorded in the land records of the county in which the homeowners association is located, the declarant, when voting on a homeowners association matter, shall be entitled to the number of votes set forth in the governing documents of the homeowners association.

§ 11B-111.8 Electric Vehicle Recharging Equipment.

(a) In this section, "electric vehicle recharging equipment" has the meaning stated in § 11–111.4 of this article.

(b) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a homeowners association is void and unenforceable if the covenant, restriction, or provision:

(1) Is in conflict with the provisions of this section; or

(2) Effectively prohibits or unreasonably restricts the installation or use of electric vehicle recharging equipment in a lot owner's deeded parking space or a parking space that is specifically designated for use by a particular owner.

(c) (1) If approval is required for the installation or use of electric vehicle recharging equipment in a development, the governing body shall process and review an application for approval in the same manner as an application for approval of an architectural modification to a dwelling.

(2) The governing body may not willfully avoid or delay processing and reviewing an application for approval.

(3) If an application is not denied in writing within 60 days after the governing body receives the application, the application shall be deemed approved, unless the delay is the result of a reasonable request for additional information.

(4) The approval or denial of an application shall be in writing.

(d) (1) The governing body shall approve the installation of electric vehicle recharging equipment in a lot owner's deeded parking space or a parking space that is specifically designated for use by a particular owner if:

(i) Installation:

1. Does not unreasonably impede the normal use of an area outside the lot owner's parking space; and

2. Is reasonably possible; and

(ii) The lot owner agrees in writing to:

1. Comply with:

A. All relevant building codes and safety standards to maintain the safety of all users of the common area; and

B. The development's architectural standards for the installation of the electric vehicle recharging equipment;

2. Engage a licensed contractor to install the electric vehicle recharging equipment; and

3. Pay for the electricity usage associated with the separately metered electric vehicle recharging equipment.

(2) The lot owner and each successive owner of the electric vehicle recharging equipment shall be responsible for:

(i) Installation costs for the electric vehicle recharging equipment;

(ii) Costs for damage to the electric vehicle recharging equipment or common area resulting from the installation, maintenance, repair, removal, or replacement of the electric vehicle recharging equipment;

(iii) Costs for the maintenance, repair, and replacement of the electric vehicle recharging equipment up until the equipment is removed;

(iv) If the lot owner decides to remove the electric vehicle recharging equipment, costs for the removal and for the restoration of the common area after removal; and

(v) The cost of electricity associated with the electric vehicle recharging equipment.

(e) A lot owner shall obtain any permit or approval for electric vehicle recharging equipment that is required by the county or municipal corporation in which the development is located.

(f) The governing body may grant a license for up to 3 years, renewable at the discretion of the governing body, on any common element necessary for the installation of equipment or for the supply of electricity to any electric vehicle recharging equipment.

(g) A lot owner shall:

(1) Provide a certificate of insurance naming the association as an additional insured; or

(2) Reimburse the association for the cost of an increased insurance premium attributable to the electric vehicle recharging equipment.

§11B–111.9. Composting or Collecting Organic Waste Materials for Composting at Composting Facility.

(a) (1) In this section the following words have the meanings indicated.

(2) "Composting" means the controlled aerobic biological decomposition of organic waste material.

(3) "Composting facility" has the meaning stated in § 9–1701 of the Environment Article.

(4) "Local jurisdiction" means the county or municipality where the homeowners association is located.

(b) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a homeowners association may not prohibit or unreasonably restrict a lot owner from:

(1) Composting organic waste materials for the lot owner's personal or household use, provided that the lot owner:

(i) Owns or has the right to exclusive use of the area where the composting is conducted; and

(ii) Observes all laws, ordinances, and regulations of the State and local jurisdiction that pertain to composting; or

(2) Contracting with a private entity to collect organic waste materials from the lot owner for composting at a composting facility.

(c) A recorded covenant or restriction, a provision in a declaration, or a provision in the bylaws or rules of a homeowners association that unreasonably impedes the ability of a private entity to access the common elements for the purpose of collecting organic waste materials from a lot owner shall be interpreted as a restriction on the lot owner's right to contract for private composting services under subsection (b)(2) of this section.

§11B–111.10. Dispute Settlement Mechanisms.

(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 board of directors or other governing body of the homeowners association may not impose a fine, suspend voting, or infringe on any other right of a lot owner or any 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 nature of the alleged violation;

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

(iii) A period of time, not less than 15 days, during which the violation may be abated without further sanction, if the violation is a continuing violation, 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 of time 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 a 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 cross–examine witnesses.

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

3. A. Prior to the taking effect of any sanction under this section, 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 made in accordance with these procedures shall be appealable to the courts of Maryland.

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

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

(d) The failure of the board of directors or other governing body of the homeowners association 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.

(e) This section does not apply to the Columbia Association or the village community associations for the villages of Columbia in Howard County.

§ 11B-112 Books and records of homeowners association available for examination and copying

(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.

§ 11B-112.1 Late charges

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.

§ 11B-112.2. Homeowners association annual budget

(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.

§11B–112.3. Reserve Studies

(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 Prince George's County 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 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, 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.

§ 11B-113. Homeowners association depositories

(a) There is a homeowners association depository in the office of the clerk of the court in each county and the City of Baltimore.

(b) Consistent with the duties of a clerk of a court as enumerated in § 2-201 of the Courts and Judicial Proceedings Article, the clerk of the court shall establish and thereafter maintain a depository for the purpose of making available to the public upon request the information to be deposited by homeowners associations.

(c) The depository shall:

(1) Be established and maintained in each county and the City of Baltimore as a document file separate from the land records of the county or City;

(2) Contain a record of the names of all homeowners associations for each county and the City of Baltimore;

(3) Contain all disclosures deposited by a homeowners association; and

(4) Be available to the public for viewing and for obtaining copies during the regular business hours of the office of the clerk.

(d) (1) The clerk of the court is authorized to regulate the form and manner of documents deposited into the depository and to collect fees for a deposit.

(2) The clerk of the court shall permit the deposit of copies of disclosures, however reproduced.

(3) The clerk of the court may adopt regulations as necessary or desirable to implement the depository.

(4) The State Court Administrator shall establish, so as to cover the reasonable and ordinary expenses of maintaining the depository, the amount of the fees that the clerk of the court may charge for deposits in the depository.

(5) (i) The clerk of the court shall maintain a depository index; and

(ii) All disclosures shall be filed under the name of the homeowners association.

(e) Material contained in the depository may not be viewed as recordation under Title 3 of this article.

§ 11B-113.1. Notice and delivery by electronic transmission

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

(1) The board of directors or other governing body of the homeowners association gives the homeowners association the authority to provide notice of a meeting or deliver information by electronic transmission;

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

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

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

(1) The homeowners association is unable to deliver two consecutive notices; and

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

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

§ 11B-113.2. Voting by electronic transmission

(a) Notwithstanding language contained in the governing documents of the homeowners association, the board of directors or other governing body of the homeowners association may authorize lot 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 lot owner or the lot owner's proxy.

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

§ 11B-113.3. Recorded covenants and restrictions relating to race, religious belief, or national origin

(a) This section applies to any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin, including a covenant or restriction that is part of a uniform general scheme or plan of development.

(b) (1) The governing body of a homeowners association shall delete any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations of property in the development.

(2) Notwithstanding the provisions of a governing document, the governing body of a homeowners association may delete a recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations of property in the development without approval of the lot owners.

(3) The governing body of the homeowners association shall record with the clerk of the court in the jurisdiction where the development is located an amendment to the common area deeds or other declarations that include the recorded covenant or restriction that provides for the deletion of the recorded covenant or restriction from the common area deeds or declarations of the property in the development.

(c) Beginning on October 1, 2019, within 180 days after receiving a written request from a lot owner, the governing body of a homeowners association shall delete a recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations

of property in the development, in accordance with this section.

§ 11B-113.4. Annual charges for properties

(a) It is the intent of the General Assembly to prevent unfair treatment of property owners by a homeowners association when annual charges based on the assessed value of property imposed by the homeowners association increase at such a rate that it creates an unexpected windfall for the homeowners association.

(b) In this section, the term "annual charge" means a charge based on the current assessed value of property for county and State property taxes that is levied by a homeowners association on property in a development.

(c) This section only applies to a development that:

(1) Contains at least 13,000 acres of land and has a population of at least 80,000; and

(2) Is governed by a homeowners association that levies an annual charge on property within the development.

(d) (1) A homeowners association shall base the annual charge for the revalued properties on the phased in value of property as provided under § 8-103 of the Tax - Property Article.

(2) If the value of an improved property has been reduced by the State or county assessments office after, or by reason of, a protest, appeal, credit, or other adjustment, the homeowners association shall reduce the annual charge on the property based on the reduced value.

(e) Until the annual charge for the revalued property is based on the phased in value of property as required under subsection (d) of this section, if the value of the properties revalued as of the most recent date of finality as provided in § 8-104 of the Tax - Property Article

exceeds the prior valuation by more than 10%:

(1) The increase shall be considered an unexpected windfall to the homeowners association that should be offset; and

(2) Beginning with the first year following the revaluation of the property for State property tax purposes, the homeowners association shall provide to the owner of the revalued property a rebate or credit in an amount equal to the portion of the annual charge that is attributable to the growth in the value of the revalued property in excess of 10%.

(f) Subsections (d) and (e) of this section do not apply if a governing body certifies on or before April 1 in the first year following the revaluation of property values for State property tax purposes that the revenues from the annual charges are insufficient to meet the debt service requirements during the next taxable year on all bonds that the governing body anticipates will be outstanding during that year.

(g) Notwithstanding any provision of the law to the contrary, when calculating an annual charge, a homeowners association may not consider the rate of assessed value of property to have increased by more than 10% in a taxable year.

§ 11B-113.5. Annexation of land parcels in Columbia

(a) This section establishes the process for the annexation of parcels of land that are subject to the deed, agreement, and declaration establishing any of the villages or town center in Columbia in Howard County.

(b) Notwithstanding any provision of law or contract, a parcel of land located in that area of land in Howard County that is subject to the deed, agreement, and declaration of covenants, easements, charges, and liens dated December 13, 1966, and recorded in the land records of Howard County in Liber W.H.H. 463, Folio 158, et seq. (the Columbia Association Declaration) that is not part of the village or town center in which the land is located may be annexed into the village or town center if:

(1) The owner or developer of the land makes an application for annexation to the village or town center community association; and

(2) The Columbia Association or its successor and the village or town center community association approve the annexation.

(c) An instrument that consolidates a parcel of land into the village or town center in which the land is located shall be executed and filed for recordation in the land records of Howard County.

(d) (1) A parcel of land that is annexed into a village or town center in accordance with this section shall be subject to the recorded covenants and restrictions of the village or town center in which the parcel of land is located.

(2) An annexation completed in accordance with this section may not abrogate or in any other way affect any approval previously granted or condition previously imposed under a recorded covenant or contract regarding improvements constructed on the annexed property.

§11B–113.6. Meetings Conducted by Telephone Conference, Video Conference, or Similar Electronic Means

(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.

§ 11B-114. Electronic payment fees

(a) In this section, “electronic payment” means payment by credit card or debit card.

(b) A homeowners association may require a person from whom payment is due to pay a reasonable electronic payment fee if the person elects to pay the homeowners association by means of electronic payment.

(c) An electronic payment fee may not exceed the amount of any fee that may be charged to the homeowners association in connection with use of the credit card or debit card.

(d) If a homeowners association elects to charge an electronic payment fee under this section, the homeowners association shall specify on or include notice with each bill and other invoices for which electronic payment is authorized that an electronic payment fee will be charged.

§ 11B-115. Minimum standards for consumer protection

(a) (1) In this section, "consumer" means an actual or prospective purchaser, lessee, assignee, or recipient of a lot in a development.

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

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

(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 unit of State government within the scope of the authority of the unit.

(d) (1) A county or municipal corporation may adopt a law, ordinance, or regulation for the protection of a consumer to the extent and in the manner provided for under § 13–103 of the Commercial Law Article.

(2) Within 30 days of the effective date of a law, ordinance, or regulation adopted under this subsection that is expressly applicable to a development, the county or municipal corporation shall forward a copy of the law, ordinance, or regulation to the homeowners association depository in the office of the clerk of the court in the county where the development is located.

§ 11B-115.1. Failure to comply with the election procedures of homeowners association

A lot owner who believes that the board of directors or other governing body of a homeowners association has failed to comply with the election procedures provisions of the governing documents of the homeowners association may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General if the provisions concern:

(1) Notice about the date, time, and place for the election of the board of directors or other governing body;

(2) The manner in which a call is made for nominations for the board of directors or other governing body;

(3) The format of the election ballot;

(4) The format, provision, and use of proxies during the election process; or

(5) The manner in which a quorum is determined for election purposes.

§ 11B-116. Amendments to governing documents

(a) (1) In this section the following words have the meanings indicated.

(2) "Governing document" includes:

(i) A declaration;

(ii) Bylaws;

(iii) A deed and agreement; and

(iv) Recorded covenants and restrictions.

(3) "In good standing" means not being more than 90 days in arrears in the payment of any assessment or charge due to the homeowners association.

(b) This section does not apply to a homeowners association that issues bonds or other long–term debt secured in whole or in part by annual charges assessed in accordance with a declaration, or to a village community association affiliated with the homeowners association.

(c) Notwithstanding the provisions of a governing document, a homeowners association may amend the governing document by the affirmative vote of lot owners in good standing having at least 60% of the votes in the development, or by a lower percentage if required in the governing document.

(d) (1) (i) Except as provided in paragraph (2) of this subsection, if a governing document contains a provision requiring any action on the part of the holder of a mortgage or deed of trust on a lot in order to amend

the governing document, that provision shall be deemed satisfied if the procedures under this paragraph are satisfied.

(ii) If the governing document contains a provision described in subparagraph (i) of this paragraph, the homeowners association 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 governing document.

(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 after the date of actual receipt of the proposed amendment, the holder shall be deemed to have consented to the adoption of the amendment.

(2) Paragraph (1) 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 lot 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.

§ 11B-117. Responsibility of lot owners for assessments, charges, and liens

(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.

§ 11B-118. Short title

This title may be cited as the Maryland Homeowners Association Act.

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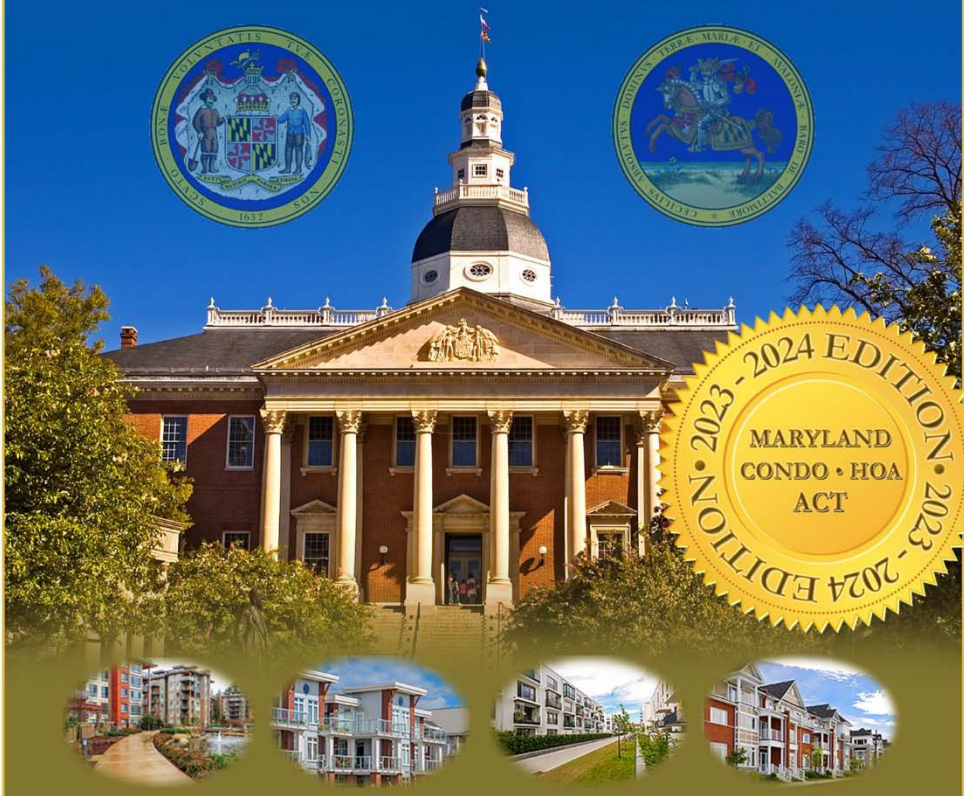

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