Maryland Homeowners Association Act

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Maryland Homeowners Association Act

§ 11B-101. Definitions

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

(A–1) "Accessory Dwelling Unit" has the meaning stated in §4–501 of the land use article.

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

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

(d) *Declaration.* --

(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; homeowners association depository.* -- "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) *Development.* --

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

(i) *Homeowners association.* --

(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) *Lot.* --

(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.* -- "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.* --"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.* -- "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.* -- "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. Applicability of title and § 11B-105 through 11B-108 and 11B-110.

(a) *Homeowners associations in existence after July 1, 1987.* -- 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) *Applicability of §§ 11B-105 and 11B-108.* -- 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) *Applicability of § 11B-110.* -- The provisions of § 11B-110 of this title do not apply to common area improvements substantially completed before July 1, 1987.

(d) *Applicability of § 11B-105.* -- 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) *Property to which title does not apply; exception.* -- 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) *Contracts to which §§ 11B-105, 11B-106, 11B-107, and 11B-108 do not apply.* -- 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. Variance of title's provisions and waiver of rights conferred thereby, and evasion of title's requirements, limitations, or prohibitions 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. Building code or zoning laws, ordinances, and regulations to be given full force and effect; local laws; ordinances, or regulations; alternative dispute resolution.

(a) *Building code or zoning laws, ordinances, and regulations to be given full force and effect.* -- 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) *Local laws, ordinances, or regulations.* -- 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 sale of lots in developments containing more than 12 lots.

(a) *Contract.* -- 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) *Information to be supplied by vendor.* -- 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) *Standard for compliance with subsection (b) -- In general.* -- 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) *Same -- Exception.* --

(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) *Same -- Information and disclosures contained in depository.* --

(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) *Requirements inapplicable to foreclosure sale.* -- 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. Resale of lot; initial sale of lot in development containing 12 or fewer lots.

(a) *Contract.* -- 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) *Information to be supplied by vendor.* -- 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) *Notice of resale to homeowners association.* --

(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 sub section, 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 the 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) *Standard for compliance with subsection (b) -- In general.* -- 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) *Same -- Reliance on disclosures in depository.* -- 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) *Certain provisions inapplicable to foreclosure sale.* -- 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. 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 contractor 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.

11 B-106.2. "Notice of Sale of Common Area"

(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 Website, providing notice about the sale on the home page of the Website of the homeowners association.

§ 11B-107. Initial sale of lot not intended to be occupied or rented for residential purposes.

(a) *Contract.* -- 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) *Information to be supplied by vendor.* -- 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) *Information contained in depository.* -- 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) *Provisions inapplicable to foreclosure sale.* -- 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. Cancellation of contract.

(a) *Failure to receive disclosures required by § 11B-105, § 11B-106 or § 11B-107 -- Entry into contract.* -- 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) *Same -- Five calendar days before entry into contract.* --

(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 cancelled.

(c) *Receipt of amendment to disclosure which adversely affects purchaser.* -- 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) *Deposits held in trust.* -- 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) *Waiver of termination of purchaser's rights under section.* -- 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) *Reliance on disclosures contained in depository.* -- 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) *Provisions inapplicable to foreclosure sale.* -- 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. Untrue statements or omissions by vendor.

(a) *Liability for damages; limitations period.* -- 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) *Exception to liability.* -- A vendor may not be liable under subsection (a) 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) *Provisions inapplicable to foreclosure sale.* -- 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. Warranties; notice of defect.

(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. Meetings of homeowners association or its governing body.

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 paragraph (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 paragraph 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 subparagraph (iii) of this paragraph 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;

(viii) Discussion of individual owner assessment accounts;

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

(i) An action may not be taken and a matter may not be discussed if it is not permitted by paragraph (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.

Definitions

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

(2) "Family child care home" has the meaning stated in § 9.5-301 of the Education Article.

(3) "Family child care provider" has the meaning stated in § 9.5-301 of the Education Article.

(4) "Large family child care home" has the meaning stated in § 9.5-301 of the Education Article.

(5) "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) The provisions of this section relating to no-impact home-based businesses do not apply to a homeowners association that

(1) 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; or

(2) Is restricted for occupancy to individuals over a specified age.

(c) (1) Subject to the provisions of subsection (d) 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:

(i) May not prohibit or restrict:

1. Establishment and operation of family day care homes or large family day care homes; or
2. Use of the roads, sidewalks, and other common areas of the homeowners association by users of the family day care home or large family day care homes.

(ii) If the recorded covenant or restriction, provision in a declaration, or provision of the bylaws or rules of a homeowners association otherwise prohibits or restricts commercial or business activity in general but does not expressly apply to no–impact home–based business, may not be construed to prohibit or restrict no–impact home–based businesses

(2) Subject to the provisions of subsection (d) of this section, the operation of a family child care home or large family day care homes shall be:

(i) Considered a residential activity; and

(ii) A permitted activity.

(3) A recorded covenant or restriction, a provision in a declaration, or a provision of the bylaws or rules of a homeowners association may not limit the number of children for which a family child care home or large family child care home provides family child care to below the number authorized by the State Department of Education.

(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 no-impact home-based business.

(ii) A provision described under subparagraph (i) of this paragraph expressly prohibiting the use of a residence as a no-impact home-based business shall apply to an existing 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 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 no-impact home-based business, it shall also include a provision stating that the prohibition may be eliminated and 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 no-impact home-based business, the prohibition may be eliminated and 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 family 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) The homeowners association may require residents to notify the homeowners association before opening a family child care home or large 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 family 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 family 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 proposition sign.

(a) *In general.* -- 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) *Exceptions.* -- 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) *Restriction.* -- 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) 1. 45 days before the start of early voting for a primary election, general election, or vote on the proposition; or; and

2. If there is no early voting, 45 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 written information and materials.

(a) *Applicability.* -- 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) *Door-to-door distribution.* -- 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) *Written information or materials.* -- 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.

(a) *Applicability.* -- 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) *Meetings.* -- 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. Court appointment of receiver.

(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. Fidelity insurance.

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

(b) *Exception* -- 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) *Purchase and Renewal.*

(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) *Copies of Policy or Bond* -- 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) *Required Amounts*

(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) *Failure to Comply* -- 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) Hs 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 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) (1) A lot owner shall:

(i) Prior to the installation of the electric vehicle recharging equipment, provide a certificate of insurance naming the association as an additional insured; or

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

(2) Insurance coverage of the electric vehicle recharging equipment shall be maintained so long as the electric vehicle recharging equipment and all appurtenances to the electric vehicle recharging equipment are installed.

§ 11B-111.9. Composting .

(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 state 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 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 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 an 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.

(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-111.11. Accessory Dwelling Unit

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, the governing Body of a homeowners association has the authority to treat an accessory dwelling unit as a separate lot for purposes of voting on a homeowners association matter.

§ 11B-111.12. Sensitive Information Protected

(a) (1) In this section, "sensitive information" means an individual's:

(i) Social Security card or Social Security Number;

(ii) Individual Taxpayer Identification Number;

(iii) Birth certificate;

(iv) Racial or ethnic origin;

(v) National origin;

(vi) Citizenship or immigration status;

(vii) Religious or philosophical beliefs; or

(viii) medical records.

§ 11B-112. Electric Vehicle Recharging Equipment – Common Areas .

(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 may not prohibit or unreasonably restrict the governing body from installing or authorizing the installation of electric vehicle recharging equipment in common use or limited common use parking spaces.

(c) The installation or authorization of installation of electric vehicle recharging equipment by a governing body shall be subject to the budget process of the homeowners association for a common area renovation or alteration similar in cost or magnitude.

(d) A governing body shall consider the availability of sufficient parking to meet the needs of the community before installing or authorizing the installation of electric vehicle recharging equipment in common use or limited common use parking spaces.

(e) 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.

§ 11B-112. Books and records of homeowners association; disclosures to be deposited into depository.

(a) *Books and records -- Examination; public inspection.* --

(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 of 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) (i) Except as otherwise provided in this subsection, the homeowners association may impose a reasonable charge on a person desiring to review or copy the books and records or who requests delivery of information.

(ii) The homeowners association may not impose any charges under this section other than those authorized under subparagraph (i) of this paragraph.

(2) A lot owner may not be charged for:

(i) Examining the financial statements of the homeowners association in person where the financial statements are maintained in accordance with subsection (a)(1)(i) of this section, unless the financial statements are located in a depository; or

(ii) Receiving the financial statements of the homeowners association through electronic transmission in accordance with subsection (a)(1)(iii) of this section.

(3) 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) *Disclosures to be deposited into depository.* --

(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. 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 paragraphs (2) and (3) of this subsection and in accordance with the funding plan under § 11B-112.3(f) of this title, reserves provided for in the annual budget under subsection (c) of this section shall:

(i) Be the funding amount recommended in the most recent reserve study or updated reserve study completed under § 11–B-112.3 of this title; and

(ii) Be deposited in the reserve account on or before the last day of each fiscal year.

(2) Subject to paragraph (3) of this subsection, if the most recent reserve study was an initial reserve study, the governing body shall, within 5 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 in accordance with the funding plan under § 11B-112.3(f) of this title.

(3) (i) The governing body of a homeowners association may determine by a two–thirds majority vote that the homeowners association and the lot owners are experiencing a financial hardship that limits the ability to fund reserves that are required under paragraph (1) or (2) of this subsection.

(ii) Subject to subparagraphs (iii) through (v) of this paragraph, if a governing body makes a financial hardship determination based on the reserve funding requirements of paragraph (1) or (2) of this subsection:

1. The homeowners association may reasonably deviate from that reserve funding requirement; and

2. The funding level under that requirement shall be at least the funding amount necessary for the purposes specified under § 11B–112.3(f)(3) of this title.

(iii) 1. Except as provided in subsubparagraph 2 of this subparagraph, a homeowners association may not deviate from the reserve funding requirements of paragraph (1) or (2) of this subsection for a period of more than 1 fiscal year following the financial hardship determination. 2.

2. The governing body may renew a financial hardship determination under subparagraph (i) of this paragraph by a two–thirds majority vote to extend the period that a homeowners association may deviate from the reserve funding requirement by 1 fiscal year following the renewal.

(iv) The governing body shall:

1. Make good faith efforts to resolve the financial hardship and resume funding reserves as required under paragraph (1) or (2) of this subsection;

2. Maintain detailed documentation of the good faith efforts made under item 1 of this subparagraph; and

3. Treat the documents under item 2 of this subparagraph as records for examination and copying under § 11B–112 of this title.

(v) 1. All lot owners shall be given reasonable notice in advance of a vote on an initial or a renewal of a financial hardship determination under this paragraph.

2. A vote on an initial or a renewal of a financial hardship determination under this paragraph may only be taken at a regular or special meeting of the homeowners association.

(4) (i) The governing body of a homeowners association shall annually review the reserves and the most recent reserve study or updated reserve study to determine whether there is adequate funding in accordance with the funding plan required under § 11B–112.3(f) of this title.

(ii) The annual review under this paragraph does not require a reserve study or updated reserve study in addition to the reserve study requirements under § 11B–112.3 of this title.

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

(2) "Reserve study" means a study of the reserves required for future major repairs and replacement of the common areas of a homeowners association that:

(i) Using an itemized list, identifies each structural, mechanical, electrical, and plumbing component of the common areas and any other components that

1. Are the responsibility of the homeowners association to repair and replace; and

2. If applicable, meet a minimum cost of repair or replacement, as determined by the governing body, that is:

A. Reasonably based on the expenses of the homeowners association; and

B. Not a minor expense that is otherwise addressed by the budget of the homeowners association;

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

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

(iv) States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement; and

(v) States the quantity or size of each identified component using the appropriate measurement, such as unit amount, square footage, or cubic feet.

(3) "Updated reserve study" means, for the common areas since the prior reserve study was completed within the previous 5 years, a study that:

(i) Revises replacement cost, remaining life, and useful life estimates;

(ii) Analyzes work performed and amounts spent; and

(iii) Identifies whether any maintenance contracts are in place.

(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 repair or replacement costs for all components identified in subsection (A) 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 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 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 and updated 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;

(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.

(f) (1) The governing body of a homeowners association shall, in consultation with a person identified under subsection (e)(1) of this section, develop a funding plan to determine how to fund the reserves necessary under this section.

(2) In developing the funding plan under this subsection, the governing body shall select one of the following methods of achieving the reserve funding under this section:

(i) The component method;

(ii) The cash flow method;

(iii) The baseline funding method;

(iv) The threshold cash flow method; or

(v) Any other funding method consistent with generally accepted accounting principles.

(3) A funding plan developed under this subsection shall prioritize adequate amounts for repair and replacement of common areas of homeowners association that are necessary for:

(i) The health, safety, and well–being of the occupants;

(ii) Ensuring structural integrity, such as roofing replacements and maintaining structural systems;

(iii) Essential functioning, such as plumbing, sewer, heating, cooling, and electrical infrastructure; and

(iv) Any other essential or critical purpose, as determined by the governing body.

(4) Reserves may be used for purposes other than those specified in the funding plan if the funds are repaid to the reserve fund within 5 years after their use.

(5) A governing body of a homeowners association shall review progress toward compliance with the funding plan developed under this subsection at each annual meeting of the homeowners association.

§ 11B-112.4. Prince George's County Registration Requirement.

A homeowners association in Prince George's county shall register with the Community Association Registry and pay any fees as required under § 14–131 of this article.

§ 11B-113. Homeowners Association Depositories.

(a) *Location.* -- There is a homeowners association depository in the office of the clerk of the court in each county and the City of Baltimore.

(b) *Establishment and maintenance.* -- 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) *Document file separate from land records; contents; availability for public view or copying.* -- 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) *Duties of the clerk and State Court Administrator.* --

(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) *Contents not recordation under Title 3.* -- Material contained in the depository may not be viewed as recordation under Title 3 of this article.

§ 11B-113.1. Electronic transmission of notice.

(a) I*n general.* -- 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) *Ineffective notice.* -- 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) *Same -- Effect.* -- The inadvertent failure to deliver notice by electronic transmission does not invalidate any meeting or other action.

§ 11B-113.2. Electronic transmission of votes or proxies.

(a) *In general.* -- 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) *When anonymous voting required.* -- 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. Deletion of ownership restrictions based on race, religion, 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 charge.

(a) *Legislative intent.* -- 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) *"Annual charge" defined.* -- 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) *Applicability of section.* -- 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) *Calculating the annual charge.* --

(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) *Same -- Rebate or credit.* -- 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) *Applicability of subsections (d) and (e).* -- 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) *Rate of assessed value of property.* -- 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. Columbia, Howard County – Annexation.

(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. Electronic Meetings

(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)"*"Electronic payment" defined.* -- In this section, "electronic payment" means payment by credit card or debit card.

(b) *In general.* -- 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) *Amount of fee.* -- 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) *Notice.* -- 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. Enforcement Authority of Division of Consumer Protection.

(a) (1) In this section, "Consumer" means an actual or prospective purchaser, lessee, assignee, or recipient of a lot in a development, or a lot owner.

(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) A violation of this title 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.

(d) The Division of Consumer Protection of the Office of the Attorney General may adopt regulations to carry out this title.

(e) (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. Election Procedure Disputes

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. Amending 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. Lien Priority

(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) Notwithstanding any provision of the Declaration, Articles of Incorporation, or Bylaws restricting assessment increases, capping the assessment that may be levied in a fiscal year, or limiting assessments to each lot, the governing body of a homeowners association has the authority to:

(i) Increase an assessment levied to cover the reserve funding amount required under §11B–112.3 of this title; and

(ii) Treat an accessory dwelling unit as a separate lot for purposes of levying assessments.

(b) *Lien authority.* -- 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) *Lien priority and limitations.*

(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) *Request for lien information from Mortgagee.*

(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. Elections for Governing Body.

(a) (1) Elections for the governing body of a homeowners association, including the collection and counting of ballots and the certifying of results, shall be conducted by independent parties who:

(i) are not candidates for positions on the governing body of the homeowners association in that election; and

(ii) do not have a conflict of interest regarding any candidate in the election.

(2) (i) Unless property management for a homeowners association, or a parent association of the homeowners association, is owned by the homeowners association, representatives of the homeowners association's property management are not independent parties.

(ii) A lot owner is an independent party if the lot owner:

1. Complies with the requirements of this subsection;

2. Does not electioneer for any candidate; and

3. Is not subject to an objection by more than 25 percent of the eligible voting members of the homeowners association.

(iii) The homeowners association may retain a third–party vendor or employ a commercial technology platform to conduct the election.

(b) Individuals conducting an election shall make reasonable efforts to ensure that the election is fair and that there is accountability for the process and the results of the election.

(c) A lot owner designated to conduct an election who acts in good faith has no personal liability in connection with the conduct of an election.

(d) Provisions of the governing documents, rules, or regulations of a homeowners association relating to the conduct of elections that are inconsistent with the requirements of this section are void and unenforceable.

§ 11B-119. Short title.

This title may be cited as the Maryland Homeowners Association Act.