

# HOUSE BILL 254

N1, C1

01r0948

---

By: **Prince George's County Delegation**

Introduced and read first time: January 20, 2020

Assigned to: Environment and Transportation

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Cooperative Housing Corporations, Condominiums,**  
3 **and Homeowners Associations – Reserve Studies**

4 **PG 403–20**

5 FOR the purpose of requiring the governing body of certain cooperative housing  
6 corporations in Prince George's County to have a reserve study conducted of the  
7 common elements of the cooperative housing corporation by a certain date and at  
8 certain intervals under certain circumstances; requiring the reserve study conducted  
9 of the common elements of a cooperative housing corporation in Prince George's  
10 County to meet certain criteria; requiring the owner of a residential rental facility  
11 transitioning to a cooperative housing corporation in Prince George's County to  
12 deliver certain funds within a certain period of time after a certain meeting;  
13 requiring the annual budget of a cooperative housing corporation in Prince George's  
14 County to include certain reserve funds; establishing that the governing body of a  
15 cooperative housing corporation in Prince George's County has the authority to  
16 increase a certain assessment notwithstanding certain provisions; altering the  
17 reserve funds a certain condominium developer is required to deliver to the officers  
18 or board of directors of a condominium in Prince George's County within a certain  
19 period of time after a certain meeting; altering the content of the annual budget of  
20 certain condominiums in Prince George's County; requiring the governing body of  
21 certain condominiums in Prince George's County to have a reserve study conducted  
22 of the common elements of the condominium by a certain date and at certain  
23 intervals under certain circumstances; requiring the reserve study conducted of the  
24 common elements of a condominium in Prince George's County to meet certain  
25 criteria; establishing that the board of directors of a condominium in Prince George's  
26 County has the authority to increase a certain assessment notwithstanding certain  
27 provisions; altering the content of the annual budget of certain homeowners  
28 associations; altering the reserve funds a certain developer is required to deliver to  
29 the governing body of a homeowners association in Prince George's County within a  
30 certain period of time after a certain meeting; requiring the governing body of certain

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



homeowners associations in Prince George's County to have a reserve study conducted of the common areas of a homeowners association by a certain date and at certain intervals under certain circumstances; requiring the reserve study conducted of the common areas of a homeowners association in Prince George's County to meet certain criteria; establishing that the governing body of a homeowners association in Prince George's County has the authority to increase a certain assessment notwithstanding certain provisions; defining certain terms; providing for the application of this Act; and generally relating to reserve studies and annual budgets of cooperative housing corporations, condominiums, and homeowners associations in Prince George's County.

BY adding to

Article – Corporations and Associations

Section 5–6B–26.1

Annotated Code of Maryland

(2014 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Real Property

Section 11–109(c)(16), 11–109.2, 11–110(b)(1), 11B–106.1, 11B–112.2, and 11B–117(a)

Annotated Code of Maryland

(2015 Replacement Volume and 2019 Supplement)

BY adding to

Article – Real Property

Section 11–109.4 and 11B–112.3

Annotated Code of Maryland

(2015 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

### **Article – Corporations and Associations**

#### **5–6B–26.1.**

**(A) IN THIS SECTION, “RESERVE STUDY” MEANS A STUDY OF THE RESERVES REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON ELEMENTS OF A COOPERATIVE HOUSING CORPORATION IN PRINCE GEORGE’S COUNTY THAT:**

**(1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND PLUMBING COMPONENT OF THE COMMON ELEMENTS AND ANY OTHER COMPONENTS THAT ARE THE RESPONSIBILITY OF THE COOPERATIVE HOUSING CORPORATION TO REPAIR AND REPLACE;**

1           **(2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH**  
2 **IDENTIFIED COMPONENT;**

3           **(3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF**  
4 **EACH IDENTIFIED COMPONENT; AND**

5           **(4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY**  
6 **TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.**

7           **(B) THIS SECTION APPLIES ONLY TO A COOPERATIVE HOUSING**  
8 **CORPORATION IN PRINCE GEORGE'S COUNTY THAT HAS MORE THAN 50 UNITS.**

9           **(C) (1) THIS SUBSECTION APPLIES TO A COOPERATIVE HOUSING**  
10 **CORPORATION ESTABLISHED ON OR AFTER OCTOBER 1, 2020.**

11           **(2) THE GOVERNING BODY OF THE COOPERATIVE HOUSING**  
12 **CORPORATION SHALL HAVE AN INDEPENDENT RESERVE STUDY COMPLETED NOT**  
13 **MORE THAN 90 CALENDAR DAYS AND NOT LESS THAN 30 CALENDAR DAYS BEFORE**  
14 **THE FIRST MEETING OF THE COOPERATIVE HOUSING CORPORATION AT WHICH THE**  
15 **MEMBERS OTHER THAN THE OWNER HAVE A MAJORITY OF VOTES IN THE**  
16 **COOPERATIVE HOUSING CORPORATION.**

17           **(3) THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**  
18 **COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY**  
19 **CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION AND AT LEAST EVERY 5**  
20 **YEARS THEREAFTER.**

21           **(D) (1) THIS SUBSECTION APPLIES TO A COOPERATIVE HOUSING**  
22 **CORPORATION ESTABLISHED BEFORE OCTOBER 1, 2020.**

23           **(2) IF THE GOVERNING BODY OF A COOPERATIVE HOUSING**  
24 **CORPORATION HAS HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1,**  
25 **2016, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5**  
26 **YEARS AFTER THE DATE OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS**  
27 **THEREAFTER.**

28           **(3) IF THE GOVERNING BODY OF A COOPERATIVE HOUSING**  
29 **CORPORATION HAS NOT HAD A RESERVE STUDY CONDUCTED ON OR AFTER**  
30 **OCTOBER 1, 2016, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY**  
31 **CONDUCTED ON OR BEFORE OCTOBER 1, 2021, AND AT LEAST EVERY 5 YEARS**  
32 **THEREAFTER.**

**(E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:**

**(1) BE PREPARED BY A PERSON WHO:**

**(I) HAS PREPARED AT LEAST 30 RESERVE STUDIES WITHIN THE PRIOR 3 CALENDAR YEARS;**

**(II) HOLDS A BACHELOR'S DEGREE IN CONSTRUCTION MANAGEMENT, ARCHITECTURE, OR ENGINEERING OR EQUIVALENT EXPERIENCE AND EDUCATION; OR**

**(III) HOLDS A CURRENT LICENSE FROM THE STATE BOARD OF ARCHITECTS OR THE STATE BOARD FOR PROFESSIONAL ENGINEERS;**

**(2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY UNIT OWNER;**

**(3) BE REVIEWED BY THE GOVERNING BODY OF THE COOPERATIVE HOUSING CORPORATION IN CONNECTION WITH THE PREPARATION OF THE ANNUAL PROPOSED BUDGET; AND**

**(4) BE SUMMARIZED FOR SUBMISSION WITH THE ANNUAL PROPOSED BUDGET TO THE UNIT OWNERS.**

**(F) WITHIN 30 DAYS AFTER THE FIRST MEETING OF A COOPERATIVE HOUSING CORPORATION AT WHICH THE MEMBERS OTHER THAN THE OWNER HAVE A MAJORITY OF THE VOTES IN THE COOPERATIVE HOUSING CORPORATION, THE OWNER SHALL DELIVER TO THE COOPERATIVE HOUSING CORPORATION RESERVE FUNDS EQUAL TO AT LEAST THE RESERVE FUNDING AMOUNT RECOMMENDED IN THE RESERVE STUDY COMPLETED UNDER SUBSECTION (C) OF THIS SECTION AS OF THE DATE OF THE MEETING.**

**(G) ANY ANNUAL BUDGET OF THE COOPERATIVE HOUSING CORPORATION SHALL INCLUDE RESERVE FUNDS EQUAL TO AT LEAST 80% OF THE FUNDING AMOUNT RECOMMENDED IN THE MOST RECENT RESERVE STUDY COMPLETED UNDER SUBSECTION (C) OR (D) OF THIS SECTION.**

**(H) THE GOVERNING BODY OF A COOPERATIVE HOUSING CORPORATION HAS THE AUTHORITY TO INCREASE AN ASSESSMENT LEVIED TO COVER THE RESERVE FUNDING AMOUNT REQUIRED UNDER THIS SECTION, NOTWITHSTANDING ANY PROVISION OF THE ARTICLES OF INCORPORATION, BYLAWS, OR PROPRIETARY LEASE RESTRICTING ASSESSMENT INCREASES OR CAPPING THE ASSESSMENT THAT MAY BE LEVIED IN A FISCAL YEAR.**

**Article – Real Property**

11–109.

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

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

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

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

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

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

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

1. The documents specified in § 11–132 of this title;

2. The condominium funds, including operating funds, replacement reserves, investment accounts, and working capital;

3. The tangible property of the condominium; and

4. A roster of current unit owners, including mailing addresses, telephone numbers, and unit numbers, if known.

**(V) IN PRINCE GEORGE'S COUNTY, THE REPLACEMENT RESERVES DELIVERED UNDER SUBPARAGRAPH (IV)2 OF THIS PARAGRAPH SHALL BE EQUAL TO AT LEAST THE RESERVE FUNDING AMOUNT RECOMMENDED IN THE RESERVE STUDY COMPLETED UNDER § 11–109.4 OF THIS TITLE AS OF THE DATE OF**

1 **THE MEETING.**

2 ~~[(v)] (VI)~~ 1. This subparagraph does not apply to a contract  
3 entered into before October 1, 2009.

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

7 B. “Contract” does not include an agreement relating to the  
8 provision of utility services or communication systems.

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

14 ~~[(vi)] (VII)~~ If the developer fails to comply with the requirements of  
15 this paragraph, an aggrieved unit owner may submit the dispute to the Division of  
16 Consumer Protection of the Office of the Attorney General under § 11–130(c) of this title.

17 11–109.2.

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

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

21 (1) Income;

22 (2) Administration;

23 (3) Maintenance;

24 (4) Utilities;

25 (5) General expenses;

26 (6) Reserves; and

27 (7) Capital items.

28 **(C) IN PRINCE GEORGE’S COUNTY, THE RESERVES PROVIDED FOR IN THE**  
29 **ANNUAL BUDGET UNDER SUBSECTION (B) OF THIS SECTION SHALL BE EQUAL TO AT**  
30 **LEAST 80% OF THE FUNDING AMOUNT RECOMMENDED IN THE MOST RECENT**

1 **RESERVE STUDY COMPLETED UNDER § 11-109.4 OF THIS TITLE.**

2 **[(c)] (D)** The budget shall be adopted at an open meeting of the council of unit  
3 owners or any other body to which the council of unit owners delegates responsibilities for  
4 preparing and adopting the budget.

5 **[(d)] (E)** Any expenditure made other than those made because of conditions  
6 which, if not corrected, could reasonably result in a threat to the health or safety of the unit  
7 owners or a significant risk of damage to the condominium, that would result in an increase  
8 in an amount of assessments for the current fiscal year of the condominium in excess of 15  
9 percent of the budgeted amount previously adopted, shall be approved by an amendment  
10 to the budget adopted at a special meeting, upon not less than 10 days written notice to the  
11 council of unit owners.

12 **[(e)] (F)** The adoption of a budget shall not impair the authority of the council of  
13 unit owners to obligate the council of unit owners for expenditures for any purpose  
14 consistent with any provision of this title.

15 **[(f)] (G)** The provisions of this section do not apply to a condominium that is  
16 occupied and used solely for nonresidential purposes.

17 **11-109.4.**

18 **(A) IN THIS SECTION, “RESERVE STUDY” MEANS A STUDY OF THE RESERVES**  
19 **REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON**  
20 **ELEMENTS OF A CONDOMINIUM IN PRINCE GEORGE’S COUNTY THAT:**

21 **(1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND**  
22 **PLUMBING COMPONENT OF THE COMMON ELEMENTS AND ANY OTHER COMPONENTS**  
23 **THAT ARE THE RESPONSIBILITY OF THE COUNCIL OF UNIT OWNERS TO REPAIR AND**  
24 **REPLACE;**

25 **(2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH**  
26 **IDENTIFIED COMPONENT;**

27 **(3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF**  
28 **EACH IDENTIFIED COMPONENT; AND**

29 **(4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY**  
30 **TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.**

31 **(B) THIS SECTION APPLIES ONLY TO A CONDOMINIUM IN PRINCE GEORGE’S**  
32 **COUNTY THAT HAS MORE THAN 50 UNITS.**

33 **(C) (1) THIS SUBSECTION APPLIES TO A CONDOMINIUM ESTABLISHED ON**

OR AFTER OCTOBER 1, 2020.

(2) THE GOVERNING BODY OF THE CONDOMINIUM 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 COUNCIL OF UNIT OWNERS REQUIRED UNDER § 11-109(C)(16) OF THIS SUBTITLE.

(3) THE GOVERNING BODY SHALL HAVE A 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) THIS SUBSECTION APPLIES TO A CONDOMINIUM ESTABLISHED BEFORE OCTOBER 1, 2020.

(2) IF THE GOVERNING BODY OF A CONDOMINIUM HAS HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2016, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5 YEARS AFTER THE DATE OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS THEREAFTER.

(3) IF THE GOVERNING BODY OF A CONDOMINIUM HAS NOT HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2016, THE GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED ON OR BEFORE OCTOBER 1, 2021, AND AT LEAST EVERY 5 YEARS THEREAFTER.

(E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:

(1) BE PREPARED BY A PERSON WHO:

(i) HAS PREPARED AT LEAST 30 RESERVE STUDIES WITHIN THE PRIOR 3 CALENDAR YEARS;

(ii) HOLDS A BACHELOR'S DEGREE IN CONSTRUCTION MANAGEMENT, ARCHITECTURE, OR ENGINEERING, OR EQUIVALENT EXPERIENCE AND EDUCATION; OR

(iii) HOLDS A CURRENT LICENSE FROM THE STATE BOARD OF ARCHITECTS OR THE STATE BOARD FOR PROFESSIONAL ENGINEERS;

(2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY UNIT OWNER;

(3) BE REVIEWED BY THE GOVERNING BODY OF THE CONDOMINIUM IN CONNECTION WITH THE PREPARATION OF THE ANNUAL PROPOSED BUDGET; AND



1                   **(4) BE SUMMARIZED FOR SUBMISSION WITH THE ANNUAL PROPOSED**  
2 **BUDGET TO THE UNIT OWNERS.**

3 11–110.

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

8                   **(II) THE BOARD OF DIRECTORS OF A CONDOMINIUM IN PRINCE**  
9 **GEORGE’S COUNTY HAS THE AUTHORITY TO INCREASE THE ASSESSMENT LEVIED TO**  
10 **COVER THE RESERVE FUNDING AMOUNT REQUIRED UNDER § 11–109.4 OF THIS**  
11 **TITLE, NOTWITHSTANDING ANY PROVISION OF THE DECLARATION, ARTICLES OF**  
12 **INCORPORATION, OR BYLAWS RESTRICTING ASSESSMENT INCREASES OR CAPPING**  
13 **THE ASSESSMENT THAT MAY BE LEVIED IN A FISCAL YEAR.**

14 11B–106.1.

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

17                   (1)   60 days from the date that at least 75% of the total number of lots that  
18 may be part of the development after all phases are complete are sold to members of the  
19 public for residential purposes; or

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

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

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

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

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

- 1           (1)    The deeds to the common areas;
- 2           (2)    Copies of the homeowners association's filed articles of incorporation,  
3 declaration, and all recorded covenants, plats, restrictions, and any other records of the  
4 primary development and of related developments;
- 5           (3)    A copy of the bylaws and rules of the primary development and of other  
6 related developments as filed in the depository of the county in which the development is  
7 located;
- 8           (4)    The minute books, including all minutes;
- 9           (5)    Subject to the restrictions of § 11B–112 of this title, all books and  
10 records of the homeowners association, including financial statements, minutes of any  
11 meeting of the governing body, and completed business transactions;
- 12          (6)    Any policies, rules, and regulations adopted by the governing body;
- 13          (7)    The financial records of the homeowners association from the date of  
14 creation to the date of transfer of control, including budget information regarding estimated  
15 and actual expenditures by the homeowners association and any report relating to the  
16 reserves required for major repairs and replacement of the common areas of the  
17 homeowners association;
- 18          (8)    A copy of all contracts to which the homeowners association is a party;
- 19          (9)    The name, address, and telephone number of any contractor or  
20 subcontractor employed by the homeowners association;
- 21          (10)   Any insurance policies in effect;
- 22          (11)   Any permit or notice of code violations issued to the homeowners  
23 association by the county, local, State, or federal government;
- 24          (12)   Any warranty in effect and all prior insurance policies;
- 25          (13)   The homeowners association funds, including operating funds,  
26 replacement reserves, investment accounts, and working capital;
- 27          (14)   The tangible property of the homeowners association;
- 28          (15)   A roster of current lot owners, including their mailing addresses,  
29 telephone numbers, and lot numbers, if known;
- 30          (16)   Individual member files and records, including assessment account  
31 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) IN PRINCE GEORGE’S COUNTY, 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.**

**[(e)] (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.

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

11B–112.2.

(a) This section applies only to a homeowners association that has responsibility under its declaration for maintaining and repairing common areas.

(b) (1) The board of directors or other governing body of a homeowners association shall cause to be prepared and submitted to the lot owners an annual proposed budget at least 30 days before its adoption.

(2) The annual proposed budget may be sent to each lot owner by electronic transmission, by posting on the homeowners association’s home page, or by including the annual proposed budget in the homeowners association’s newsletter.

(c) The annual budget shall provide [information on or expenditures] for at least the following items:

(1) Income;

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

**(D) IN PRINCE GEORGE’S COUNTY, RESERVES PROVIDED FOR IN THE ANNUAL BUDGET UNDER SUBSECTION (C) OF THIS SECTION SHALL BE EQUAL TO AT LEAST 80% OF THE FUNDING AMOUNT RECOMMENDED IN THE MOST RECENT RESERVE STUDY COMPLETED UNDER § 11B–112.3 OF THIS TITLE.**

**[(d)] (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) 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.

**[(e)] (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 shall be provided to the lot owners.

**[(f)] (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.**

**(A) IN THIS SECTION, “RESERVE STUDY” MEANS A STUDY OF THE RESERVES REQUIRED FOR FUTURE MAJOR REPAIRS AND REPLACEMENT OF THE COMMON AREAS OF A HOMEOWNERS ASSOCIATION IN PRINCE GEORGE’S COUNTY THAT:**

1           (1) IDENTIFIES EACH STRUCTURAL, MECHANICAL, ELECTRICAL, AND  
2 PLUMBING COMPONENT OF THE COMMON AREAS AND ANY OTHER COMPONENTS  
3 THAT ARE THE RESPONSIBILITY OF THE HOMEOWNERS ASSOCIATION TO REPAIR  
4 AND REPLACE;

5           (2) STATES THE ESTIMATED REMAINING USEFUL LIFE OF EACH  
6 IDENTIFIED COMPONENT;

7           (3) STATES THE ESTIMATED COST OF REPAIR OR REPLACEMENT OF  
8 EACH IDENTIFIED COMPONENT; AND

9           (4) STATES THE ESTIMATED ANNUAL RESERVE AMOUNT NECESSARY  
10 TO ACCOMPLISH ANY IDENTIFIED FUTURE REPAIR OR REPLACEMENT.

11        (B) (1) THIS SECTION APPLIES ONLY TO A HOMEOWNERS ASSOCIATION IN  
12 PRINCE GEORGE'S COUNTY THAT:

13           (I) HAS MORE THAN 50 DWELLING UNITS IN THE  
14 DEVELOPMENT; AND

15           (II) HAS RESPONSIBILITY UNDER ITS DECLARATION FOR  
16 MAINTAINING AND REPAIRING COMMON AREAS.

17           (2) THIS SECTION DOES NOT APPLY TO A HOMEOWNERS ASSOCIATION  
18 THAT ISSUES BONDS FOR THE PURPOSE OF MEETING CAPITAL EXPENDITURES.

19        (C) (1) THIS SUBSECTION APPLIES TO A HOMEOWNERS ASSOCIATION  
20 ESTABLISHED ON OR AFTER OCTOBER 1, 2020.

21           (2) THE GOVERNING BODY OF THE HOMEOWNERS ASSOCIATION  
22 SHALL HAVE AN INDEPENDENT RESERVE STUDY COMPLETED NOT MORE THAN 90  
23 CALENDAR DAYS AND NOT LESS THAN 30 CALENDAR DAYS BEFORE THE MEETING OF  
24 THE HOMEOWNERS ASSOCIATION REQUIRED UNDER § 11B-106.1(A) OF THIS TITLE.

25           (3) THE GOVERNING BODY SHALL HAVE A RESERVE STUDY  
26 COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY  
27 CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION AND AT LEAST EVERY 5  
28 YEARS THEREAFTER.

29        (D) (1) THIS SUBSECTION APPLIES TO A HOMEOWNERS ASSOCIATION  
30 ESTABLISHED BEFORE OCTOBER 1, 2020.

31           (2) IF THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION HAS  
32 HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2016, THE

1 GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED WITHIN 5 YEARS  
2 AFTER THE DATE OF THAT RESERVE STUDY AND AT LEAST EVERY 5 YEARS  
3 THEREAFTER.

4 (3) IF THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION HAS  
5 NOT HAD A RESERVE STUDY CONDUCTED ON OR AFTER OCTOBER 1, 2016, THE  
6 GOVERNING BODY SHALL HAVE A RESERVE STUDY CONDUCTED ON OR BEFORE  
7 OCTOBER 1, 2021, AND AT LEAST EVERY 5 YEARS THEREAFTER.

8 (E) EACH RESERVE STUDY REQUIRED UNDER THIS SECTION SHALL:

9 (1) BE PREPARED BY A PERSON WHO:

10 (I) HAS PREPARED AT LEAST 30 RESERVE STUDIES WITHIN THE  
11 PRIOR 3 CALENDAR YEARS;

12 (II) HOLDS A BACHELOR'S DEGREE IN CONSTRUCTION  
13 MANAGEMENT, ARCHITECTURE, OR ENGINEERING OR EQUIVALENT EXPERIENCE  
14 AND EDUCATION; OR

15 (III) HOLDS A CURRENT LICENSE FROM THE STATE BOARD OF  
16 ARCHITECTS OR THE STATE BOARD FOR PROFESSIONAL ENGINEERS;

17 (2) BE AVAILABLE FOR INSPECTION AND COPYING BY ANY LOT  
18 OWNER;

19 (3) BE REVIEWED BY THE GOVERNING BODY OF THE HOMEOWNERS  
20 ASSOCIATION IN CONNECTION WITH THE PREPARATION OF THE ANNUAL PROPOSED  
21 BUDGET; AND

22 (4) BE SUMMARIZED FOR SUBMISSION WITH THE ANNUAL PROPOSED  
23 BUDGET TO THE LOT OWNERS.

24 11B-117.

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

28 (2) THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION IN  
29 PRINCE GEORGE'S COUNTY HAS THE AUTHORITY TO INCREASE AN ASSESSMENT  
30 LEVIED TO COVER THE RESERVE FUNDING AMOUNT REQUIRED UNDER § 11B-112.3  
31 OF THIS TITLE, NOTWITHSTANDING ANY PROVISION OF THE DECLARATION,  
32 ARTICLES OF INCORPORATION, OR BYLAWS RESTRICTING ASSESSMENT INCREASES

1    **OR CAPPING THE ASSESSMENT THAT MAY BE LEVIED IN A FISCAL YEAR.**

2            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3    October 1, 2020.