Chapter 512

(Senate Bill 758)

AN ACT concerning

Condominiums and Homeowners Associations – Elections, Financial Statements, and Enforcement

FOR the purpose of establishing certain requirements for elections of the governing body of a condominium or homeowners association; requiring the governing body of a condominium to accommodate unit owner organizing activities relating to the governance of the condominium; prohibiting a condominium or homeowners association from charging a unit or lot owner for examining certain records of the condominium or homeowners association in a certain manner; authorizing a condominium or homeowners association to charge a reasonable fee for copying certain documents; expanding the authority of the Division of Consumer Protection of the Office of the Attorney General to enforce certain provisions of law relating to condominiums and homeowners associations; and generally relating to condominiums and homeowners associations.

BY renumbering
Article – Real Property
Section 11B–118
to be Section 11B–119
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY adding to
Article – Real Property
Section 11–109(c)(17) through (22) and 11B–118
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section 11–116, 11–130, 11B–112, and 11B–115
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 11B–118 of Article – Real Property of the Annotated Code of Maryland be renumbered to be Section(s) 11B–119.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Real Property

11–109.

(c) **(17) (I) ELECTIONS, INCLUDING THE COLLECTION AND COUNTING OF BALLOTS AND THE CERTIFYING OF RESULTS, FOR OFFICERS OR MEMBERS OF THE GOVERNING BODY OTHER THAN THE FULL MEMBERSHIP OF THE COUNCIL OF UNIT OWNERS SHALL BE CONDUCTED BY INDEPENDENT PARTIES WHO:**

1. ARE NOT CANDIDATES IN THE ELECTION; AND

2. DO NOT HAVE A CONFLICT OF INTEREST REGARDING ANY CANDIDATE IN THE ELECTION.

(II) A UNIT OWNER IS AN INDEPENDENT PARTY IF THE UNIT OWNER:

1. COMPLIES WITH THE REQUIREMENTS OF THIS SECTION;

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 COUNCIL OF UNIT OWNERS.

(III) ~~R~~ UNLESS PROPERTY MANAGEMENT FOR A CONDOMINIUM IS OWNED BY THE CONDOMINIUM, OR A PARENT ASSOCIATION OF THE CONDOMINIUM, REPRESENTATIVES OF THE CONDOMINIUM'S PROPERTY MANAGEMENT ARE NOT INDEPENDENT PARTIES.

(18) THE GOVERNING BODY MAY RETAIN A THIRD–PARTY VENDOR OR EMPLOY A COMMERCIAL TECHNOLOGY PLATFORM TO CONDUCT AN ELECTION.

(19) 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.

(20) A UNIT OWNER DESIGNATED TO CONDUCT AN ELECTION WHO ACTS IN GOOD FAITH IS NOT PERSONALLY LIABLE IN CONNECTION WITH THE CONDUCT OF THE ELECTION.

(21) (I) THE GOVERNING BODY SHALL MAKE REASONABLE ACCOMMODATIONS, INCLUDING REASONABLE USE OF ANY PORTION OF COMMON

AREAS, FOR UNIT OWNERS TO ENGAGE IN ORGANIZING ACTIVITIES RELATING TO GOVERNANCE OF THE CONDOMINIUM.

(II) THE GOVERNING BODY MAY NOT PREVENT UNIT OWNERS FROM OR RETALIATE AGAINST UNIT OWNERS FOR EXERCISING RIGHTS GUARANTEED UNDER LAW OR UNDER THE GOVERNING DOCUMENTS OF THE CONDOMINIUM.

(22) PROVISIONS OF THE GOVERNING DOCUMENTS, RULES, OR REGULATIONS OF A CONDOMINIUM RELATING TO THE CONDUCT OF ELECTIONS THAT ARE INCONSISTENT WITH THE REQUIREMENTS OF THIS SECTION ARE UNENFORCEABLE AND VOID.

11–116.

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

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

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

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

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

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

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

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

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

(ii) An individual's medical records;

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

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

(v) The written advice of legal counsel; or

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

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

(I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE COUNCIL OF UNIT OWNERS MAY IMPOSE A REASONABLE CHARGE ON A PERSON DESIRING TO REVIEW OR COPY THE BOOKS AND RECORDS OF THE CONDOMINIUM OR WHO REQUESTS DELIVERY OF INFORMATION.

(II) THE COUNCIL OF UNIT OWNERS MAY NOT IMPOSE ANY CHARGES UNDER THIS SECTION OTHER THAN THOSE AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(2) A UNIT OWNER MAY NOT BE CHARGED FOR:

(I) EXAMINING THE FINANCIAL STATEMENTS OF THE CONDOMINIUM IN PERSON WHERE THE FINANCIAL STATEMENTS ARE MAINTAINED IN ACCORDANCE WITH SUBSECTION (C)(1)(I) OF THIS SECTION; OR

(II) RECEIVING THE FINANCIAL STATEMENTS OF THE CONDOMINIUM THROUGH ELECTRONIC TRANSMISSION IN ACCORDANCE WITH SUBSECTION (C)(1)(II) OF THIS SECTION.

[(2)**] (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.

11–130.

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

(b) (1) **[**For purposes of**] IN** this section, "consumer" means an actual or prospective purchaser, lessee, assignee or recipient of a condominium unit **OR A UNIT OWNER**.

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

(c) **[**(1) To the extent that a violation of any provision of this title affects a consumer, that**] 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.

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

(d) **THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL MAY ADOPT REGULATIONS TO CARRY OUT THIS TITLE.**

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

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

11B–112.

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

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

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

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

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

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

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

(ii) An individual's medical records;

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

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

(v) The written advice of legal counsel; or

(vi) Minutes of a closed meeting of the governing body of the homeowners association, unless a majority of a quorum of the governing body of the

homeowners association that held the meeting approves unsealing the minutes or a recording of the minutes for public inspection.

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

(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.

[(2)**] (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) (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–115.

(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) **[**(1) To the extent that a violation of any provision of this title affects a consumer, that**] 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.

[(2) The provisions of this title shall otherwise be enforced by each unit of State government within the scope of the authority of the unit.**]**

(d) **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–118.

(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) ~~R~~ 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.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 13, 2025.

Chapter 197

(House Bill 1466)

AN ACT concerning

Land Use and Real Property – Accessory Dwelling Units – Requirements and Prohibitions

FOR the purpose of requiring, on or before a certain date, the legislative body of certain counties or municipal corporations to adopt a local law authorizing the development of accessory dwelling units on land ~~zoned for~~ with a single–family ~~residential use~~ detached dwelling unit as the primary dwelling unit subject to certain requirements; providing for requirements for ~~———————————————~~ the creation of ~~on– and~~ off–street parking spaces~~———————————————~~, subject to certain criteria; prohibiting a restriction on use in an instrument affecting the transfer or sale of real property or any other interest in real property from imposing or acting to impose certain limitations on the development or use of accessory dwelling units ~~———————————————~~; authorizing the governing body of a homeowners association to treat an accessory dwelling unit as a separate lot for purposes of voting and levying assessments; and generally relating to the development and use of accessory dwelling units.

BY repealing and reenacting, without amendments,
Article – Land Use
Section 1–401(a) and (c) and 10–103(a)
Annotated Code of Maryland
(2012 Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Land Use
Section 1–401(b)(18) through (30) and 10–103(b)(17) through (23)
Annotated Code of Maryland
(2012 Volume and 2024 Supplement)

BY adding to
Article – Land Use
Section 1–401(b)(18); 4–501 through ~~4–507~~ 4–504 to be under the new subtitle "Subtitle 5. Accessory Dwelling Units"; and 10–103(b)(17)
Annotated Code of Maryland
(2012 Volume and 2024 Supplement)

BY adding to
Article – Real Property
Section 2–126, 11B–101(a–1), and 11B–111.11

Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Real Property
Section 11B–101(a)
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section 11B–117(a)
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

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

Article – Land Use

1–401.

(a) Except as provided in this section, this division does not apply to charter counties.

(b) The following provisions of this division apply to a charter county:

(18) TITLE 4, SUBTITLE 5 (ACCESSORY DWELLING UNITS);

[(18)**] (19)** § 5–102(d) (Subdivision regulations – Burial sites);

[(19)**] (20)** § 5–104 (Major subdivision – Review);

[(20)**] (21)** Title 7, Subtitle 1 (Development Mechanisms);

[(21)**] (22)** Title 7, Subtitle 2 (Transfer of Development Rights);

[(22)**] (23)** except in Montgomery County or Prince George's County, Title 7, Subtitle 3 (Development Rights and Responsibilities Agreements);

[(23)**] (24)** Title 7, Subtitle 4 (Inclusionary Zoning);

[(24)**] (25)** Title 7, Subtitle 5 (Housing Expansion and Affordability);

[(25)**] (26)** § 8–401 (Conversion of overhead facilities);

[(26)**] (27)** for Baltimore County only, Title 9, Subtitle 3 (Single–County Provisions – Baltimore County);

[(27)**] (28)** for Frederick County only, Title 9, Subtitle 10 (Single–County Provisions – Frederick County);

[(28)**] (29)** for Howard County only, Title 9, Subtitle 13 (Single–County Provisions – Howard County);

[(29)**] (30)** for Talbot County only, Title 9, Subtitle 18 (Single–County Provisions – Talbot County); and

[(30)**] (31)** Title 11, Subtitle 2 (Civil Penalty).

(c) This section supersedes any inconsistent provision of Division II of this article.

SUBTITLE 5. ACCESSORY DWELLING UNITS.

4–501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) "ACCESSORY DWELLING UNIT" MEANS A SECONDARY DWELLING UNIT THAT IS:

(I) ON THE SAME LOT, PARCEL, OR TRACT AS A PRIMARY SINGLE–FAMILY DETACHED DWELLING UNIT ; AND

(II) NOT GREATER THAN 75% OF THE SIZE OF AND SUBORDINATE IN USE TO THE PRIMARY SINGLE–FAMILY DETACHED DWELLING UNIT.

; ; ; .

(2) "ACCESSORY DWELLING UNIT" INCLUDES A STRUCTURE THAT IS:

(I) SEPARATE FROM THE PRIMARY SINGLE–FAMILY DETACHED DWELLING UNIT; OR

(II) ATTACHED AS AN ADDITION TO THE PRIMARY SINGLE–FAMILY DETACHED DWELLING UNIT.

(C) (1) "DWELLING UNIT" MEANS A SINGLE UNIT PROVIDING COMPLETE, LIVING FACILITIES FOR AT LEAST ONE INDIVIDUAL, INCLUDING, AT A MINIMUM, PROVISIONS FOR SANITATION, COOKING, EATING, AND SLEEPING.

(2) "DWELLING UNIT" DOES NOT INCLUDE A UNIT IN A MULTIFAMILY RESIDENTIAL BUILDING.

(D) "UTILITY" MEANS WATER OR SEWER DISPOSAL SERVICES PROVIDED BY:

(1) A PRIVATE COMPANY REGULATED UNDER DIVISION I OF THE PUBLIC UTILITIES ARTICLE;

(2) THE WASHINGTON SUBURBAN SANITARY COMMISSION REGULATED UNDER DIVISION II OF THE PUBLIC UTILITIES ARTICLE;

(3) A SANITARY COMMISSION REGULATED UNDER TITLE 9, SUBTITLE 6 OF THE ENVIRONMENT ARTICLE; OR

(4) A MUNICIPAL AUTHORITY REGULATED UNDER TITLE 9, SUBTITLE 7 OF THE ENVIRONMENT ARTICLE.

4–502.

THIS SUBTITLE APPLIES ONLY TO THE DEVELOPMENT OF ACCESSORY DWELLING UNITS ON LAND WITH A SINGLE–FAMILY DETACHED DWELLING UNIT AS THE PRIMARY DWELLING UNIT.

4–503.

(A) IT IS THE POLICY OF THE STATE TO PROMOTE AND ENCOURAGE THE CREATION OF ACCESSORY DWELLING UNITS ON LAND WITH A SINGLE–FAMILY DETACHED DWELLING UNIT AS THE PRIMARY DWELLING UNIT IN ORDER TO MEET THE HOUSING NEEDS OF THE CITIZENS OF MARYLAND.

(B) (1) EXCEPT AS PROVIDED IN THIS SUBTITLE AND SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS SUBTITLE DOES NOT ALTER OR ABROGATE ANY ZONING POWER OR RELATED AUTHORITY GRANTED TO A LOCAL JURISDICTION UNDER THIS TITLE.

(2) LOCAL JURISDICTIONS SHALL ESTABLISH POLICIES THAT FURTHER THE INTENT OF THIS SUBTITLE.

4–504.

(A) (1) ON OR BEFORE OCTOBER 1, 2026, EACH LEGISLATIVE BODY SHALL ADOPT A LOCAL LAW AUTHORIZING THE DEVELOPMENT OF ACCESSORY DWELLING UNITS IN ACCORDANCE WITH THIS SECTION.

(2) A LEGISLATIVE BODY MAY ADOPT A LOCAL LAW THAT:

(I) ESTABLISHES STANDARDS FOR ACCESSORY DWELLING UNIT SAFETY; AND

(II) PROHIBITS THE FULL OR PARTIAL CONVERSION OF AN ACCESSORY STRUCTURE AS AN ACCESSORY DWELLING UNIT IF THE ONLY VEHICULAR ACCESS TO THE ACCESSORY STRUCTURE IS FROM AN ALLEY.

(B) A LOCAL LAW ADOPTED UNDER THIS SECTION SHALL

PROVIDE FOR CONSTRUCTION OF ACCESSORY DWELLING UNITS THAT MEET PUBLIC HEALTH, SAFETY, AND WELFARE STANDARDS, INCLUDING RELEVANT BUILDING CODES AND ADEQUATE PUBLIC FACILITIES PROVISIONS.

(C) A LOCAL LAW ADOPTED UNDER THIS SECTION SHALL:

~~(1) REQUIRE THAT THE TOTAL SQUARE FOOTAGE OF~~
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~~(2) REQUIRE THAT THE FIN~~
~~ING CODE REQUIREMENT ;~~

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**(4) EXCLUDE THE DEVELOPMENT OF AN ACCESSORY DWELLING UNIT FROM THE CALCULATION OF DENSITY AND THE APPLICATION OF ANY MEASURES LIMITING RESIDENTIAL GROWTH THAT PERTAIN TO THE LOT, PARCEL, OR TRACT PROPOSED FOR THE DEVELOPMENT OF THE ACCESSORY DWELLING UNIT;~~

~~(5) ~~
~~4–505~~
~~ABLE REQUIREMENTS,~~

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~~(8) SQUARE FOOTAGE;~~

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(D) A LOCAL LAW ADOPTED UNDER THIS SECTION MAY NOT:

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~~REQUIRED FOR A PRIMA~~
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~~(2) ~~
~~QUIREMENTS FROM THE~~

~~(II) ;~~

~~(III) ;~~

~~MEETS THE REQUIREMEN~~, **ESTABLISH SETBACK REQUIREMENTS THAT EXCEED** ~~4~~ **THE EXISTING ACCESSORY STRUCTURE SETBACK REQUIREMENTS FROM THE SIDE AND REAR LOT LINES**~~;~~

~~(IV) ,~~

~~REQUIRE~~

~~(V) 0.75 , ;~~

~~(VI) 0.75 , ;~~

~~(VII) 4–505 ,~~

~~(VIII) ,~~

~~(IX) ;~~

~~(X) .~~

(E) (1) (I) ~~S~~, **A LOCAL LAW ADOPTED UNDER THIS SECTION MAY ESTABLISH ADDITIONAL OFF–STREET PARKING REQUIREMENTS THAT CONSIDER:**

1. THE COST TO CONSTRUCT OFF–STREET PARKING SPACES;

2. WHETHER SUFFICIENT CURB AREA EXISTS ALONG THE FRONT LINE OF THE PROPERTY TO ACCOMMODATE ON–STREET PARKING;

3. THE INCREASE IN IMPERVIOUS SURFACE DUE TO THE CREATION OF NEW OFF–STREET PARKING AND THE RELATION TO ANY APPLICABLE STORMWATER MANAGEMENT PLANS; AND

4. VARIABILITY DUE TO THE SIZE OF THE LOT, PARCEL, OR TRACT ON WHICH THE ACCESSORY DWELLING UNIT OR PRIMARY DWELLING IS LOCATED.

(II) A LOCAL LAW ADOPTED UNDER THIS PARAGRAPH SHALL PROVIDE FOR A WAIVER PROCESS FROM THE PARKING REQUIREMENTS.

(2) BEFORE ADOPTING A LOCAL LAW UNDER PARAGRAPH (1) OF THIS SUBSECTION, A LEGISLATIVE BODY SHALL COMPLETE A PARKING STUDY TO DETERMINE THE APPLICABLE NEEDS AND RESTRICTIONS IN THE JURISDICTION.

~~**4–505.**~~

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~~— **IF AN APPLICANT REQUE** , **90–** **QUIRED UNDER SUBSECT** .~~

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~~**4–506.**~~

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~~4–507.~~

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10–103.

(a) Except as provided in this section, this division does not apply to Baltimore City.

(b) The following provisions of this division apply to Baltimore City:

(17) TITLE 4, SUBTITLE 5 (ACCESSORY DWELLING UNITS);

[(17)**] (18)** § 5–102(d) (Subdivision regulations – Burial sites);

[(18)**] (19)** Title 7, Subtitle 1 (Development Mechanisms);

[(19)**] (20)** Title 7, Subtitle 2 (Transfer of Development Rights);

[(20)**] (21)** Title 7, Subtitle 3 (Development Rights and Responsibilities Agreements);

[(21)**] (22)** Title 7, Subtitle 4 (Inclusionary Zoning);

[(22)**] (23)** Title 7, Subtitle 5 (Housing Expansion and Affordability); and

[(23)**] (24)** Title 11, Subtitle 2 (Civil Penalty).

Article – Real Property

2–126.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "ACCESSORY DWELLING UNIT" HAS THE MEANING STATED IN § 4–501 OF THE LAND USE ARTICLE.

(3) "RESTRICTION ON USE" INCLUDES ANY COVENANT, RESTRICTION, OR CONDITION CONTAINED IN:

(I) A DEED;

(II) A DECLARATION;

(III) A CONTRACT;

(IV) THE BYLAWS OR RULES OF A HOMEOWNERS ASSOCIATION;

(V) A SECURITY INSTRUMENT; OR

(VI) ANY OTHER INSTRUMENT AFFECTING:

1. THE TRANSFER OR SALE OF REAL PROPERTY; OR

2. ANY OTHER INTEREST IN REAL PROPERTY.

(B) (1) ~~I~~ EXCEPT AS PROVIDED IN PARAGRAPH (2)(II) OF THIS SUBSECTION, IF A PROPERTY OWNER HAS THE EXCLUSIVE RIGHT TO USE THE PROPERTY AND ABIDES BY ALL APPLICABLE LAWS AND REGULATIONS, A RESTRICTION ON USE REGARDING LAND USE MAY NOT IMPOSE OR ACT TO IMPOSE AN UNREASONABLE LIMITATION ON THE ABILITY OF THE PROPERTY OWNER TO DEVELOP OR OFFER FOR RENT AN ACCESSORY DWELLING UNIT ~~.~~

(2) FOR THE PURPOSE OF PARAGRAPH (1) OF THIS SUBSECTION, AN UNREASONABLE LIMITATION:

(I) ~~.~~ INCLUDES A LIMITATION THAT~~:~~

~~S~~ ~~;~~

~~P~~ PROHIBITS, EITHER EXPLICITLY OR BY EFFECT OF THE RESTRICTIONS, THE DEVELOPMENT OF AN ACCESSORY DWELLING UNIT; AND

(II) DOES NOT INCLUDE A LIMITATION ON THE SHORT–TERM RENTAL OF AN ACCESSORY DWELLING UNIT.

(C) THIS SECTION DOES NOT APPLY TO A RESTRICTION ON USE ON HISTORIC PROPERTY THAT IS LISTED IN OR DETERMINED BY THE DIRECTOR OF THE MARYLAND HISTORICAL TRUST TO BE ELIGIBLE FOR INCLUSION IN THE MARYLAND REGISTER OF HISTORIC PROPERTIES.

11B–101.

(a) 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.

11B–111.11.

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–117.

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

(2) **[**The**] 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 **[**increase**]:**

(I) INCREASE an assessment levied to cover the reserve funding amount required under § 11B–112.3 of this title**[**, notwithstanding any provision of the declaration, articles of incorporation, or bylaws restricting assessment increases or capping the assessment that may be levied in a fiscal year**]; AND**

(II) TREAT AN ACCESSORY DWELLING UNIT AS A SEPARATE LOT FOR PURPOSES OF LEVYING ASSESSMENTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, April 22, 2025.

Chapter 375

(House Bill 785)

AN ACT concerning

Common Ownership Communities and Zoning Authorities – Operation of Family Child Care Homes – Limitations

FOR the purpose of prohibiting a provision in certain documents of certain cooperative housing corporations from prohibiting or restricting the establishment or operation of certain family child care homes, subject to certain provisions of law; prohibiting a provision in certain documents of certain cooperative housing corporations from limiting the number of children for which certain family child care homes provide family child care below a certain number; prohibiting a local jurisdiction in the State from limiting the number of children for which certain family child care homes provide family child care below a certain number by local ordinance, resolution, law, or rule; repealing the authority of certain condominium associations and certain homeowners associations to include a provision in their governing documents that prohibits the establishment or operation of certain family child care homes, subject to certain provisions of law; prohibiting a provision in certain documents of certain condominium associations or certain homeowners associations from limiting the number of children for which certain family child care homes provide family child care below a certain number; and generally relating to common ownership communities and zoning and the operation of family child care homes.

BY adding to
Article – Corporations and Associations
Section 5–6B–22.1
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Education
Section 9.5–301(a) and (e) through (g)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Land Use
Section 1–401 and 10–103
Annotated Code of Maryland
(2012 Volume and 2024 Supplement)

BY adding to
Article – Land Use
Section 4–216

Annotated Code of Maryland
(2012 Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section 11–111.1 and 11B–111.1
Annotated Code of Maryland
(2023 Replacement Volume and 2024 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–22.1.

(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.

(B) THIS SECTION DOES NOT APPLY TO A COOPERATIVE HOUSING CORPORATION THAT IS RESTRICTED FOR OCCUPANCY TO INDIVIDUALS OVER A SPECIFIED AGE.

(C) (1) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (D) THROUGH (F) OF THIS SECTION, A PROVISION IN THE ARTICLES OF INCORPORATION OR A PROPRIETARY LEASE OR A PROVISION OF THE BYLAWS OF A COOPERATIVE HOUSING CORPORATION MAY NOT PROHIBIT OR RESTRICT:

(I) THE ESTABLISHMENT AND OPERATION OF A FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME; OR

(II) THE USE OF THE ROADS, SIDEWALKS, AND OTHER COMMON ELEMENTS OF THE COOPERATIVE HOUSING CORPORATION BY USERS OF THE FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME.

(2) SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS SECTION, THE OPERATION OF A FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME SHALL BE:

(I) CONSIDERED A RESIDENTIAL ACTIVITY; AND

(II) A PERMITTED ACTIVITY.

(3) A PROVISION IN THE ARTICLES OF INCORPORATION OR A PROPRIETARY LEASE OR A PROVISION OF THE BYLAWS OF A COOPERATIVE HOUSING CORPORATION 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) A COOPERATIVE HOUSING CORPORATION MAY INCLUDE IN THE ARTICLES OF INCORPORATION OR A PROPRIETARY LEASE OR THE BYLAWS 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 OR LARGE FAMILY CHILD CARE HOMES OPERATING IN THE COOPERATIVE HOUSING CORPORATION ANY INCREASE IN INSURANCE COSTS OF THE COOPERATIVE HOUSING CORPORATION THAT ARE SOLELY AND DIRECTLY ATTRIBUTABLE TO THE OPERATION OF FAMILY CHILD CARE HOMES OR LARGE FAMILY CHILD CARE HOMES IN THE COOPERATIVE HOUSING CORPORATION; AND

(2) IMPOSES A FEE FOR USE OF COMMON ELEMENTS IN A REASONABLE AMOUNT NOT TO EXCEED $50 PER YEAR ON EACH FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME THAT IS REGISTERED AND OPERATING IN THE COOPERATIVE HOUSING CORPORATION.

(E) THE COOPERATIVE HOUSING CORPORATION MAY REQUIRE RESIDENTS TO NOTIFY THE COOPERATIVE HOUSING CORPORATION BEFORE OPENING A FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME.

(F) (1) A FAMILY CHILD CARE PROVIDER IN A COOPERATIVE HOUSING CORPORATION:

(I) SHALL OBTAIN THE LIABILITY INSURANCE DESCRIBED UNDER §§ 19–106 AND 19–203 OF THE INSURANCE ARTICLE IN AT LEAST THE MINIMUM AMOUNTS DESCRIBED UNDER THOSE STATUTES; AND

(II) MAY NOT OPERATE WITHOUT THE LIABILITY INSURANCE DESCRIBED UNDER ITEM (I) OF THIS PARAGRAPH.

(2) A COOPERATIVE HOUSING CORPORATION 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.

Article – Education

9.5–301.

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

(e) "Family child care home" means a residence in which family child care is provided for up to eight children.

(f) "Family child care provider" means an individual who cares for children in a registered family child care home or a registered large family child care home.

(g) "Large family child care home" means a residence in which family child care is provided for at least nine children, but not more than 12 children.

Article – Land Use

1–401.

(a) Except as provided in this section, this division does not apply to charter counties.

(b) The following provisions of this division apply to a charter county:

(1) this subtitle, including Parts II and III (Charter county – Comprehensive plans);

(2) § 1–101(l), (m), and (o) (Definitions – "Plan", "Priority funding area", and "Sensitive area");

(3) § 1–201 (Visions);

(4) § 1–206 (Required education);

(5) § 1–207 (Annual report – In general);

(6) § 1–208 (Annual report – Measures and indicators);

(7) Title 1, Subtitle 3 (Consistency);

(8) Title 1, Subtitle 5 (Growth Tiers);

(9) § 4–104(c) (Limitations – Bicycle parking);

(10) § 4–104(d) (Limitations – Manufactured homes and modular dwellings);

(11) § 4–208 (Exceptions – Maryland Accessibility Code);

(12) § 4–210 (Permits and variances – Solar panels);

(13) § 4–211 (Change in zoning classification – Energy generating systems);

(14) § 4–212 (Agritourism);

(15) § 4–213 (Alcohol production);

(16) § 4–214 (Agricultural alcohol production);

(17) § 4–215 (Pollinator–friendly vegetation management);

(18) **§ 4–216 (LIMITATIONS – FAMILY CHILD CARE HOMES AND LARGE FAMILY CHILD CARE HOMES);**

(19) § 5–102(d) (Subdivision regulations – Burial sites);

[(19)**] (20)** § 5–104 (Major subdivision – Review);

[(20)**] (21)** Title 7, Subtitle 1 (Development Mechanisms);

[(21)**] (22)** Title 7, Subtitle 2 (Transfer of Development Rights);

[(22)**] (23)** except in Montgomery County or Prince George's County, Title 7, Subtitle 3 (Development Rights and Responsibilities Agreements);

[(23)**] (24)** Title 7, Subtitle 4 (Inclusionary Zoning);

[(24)**] (25)** Title 7, Subtitle 5 (Housing Expansion and Affordability);

[(25)**] (26)** § 8–401 (Conversion of overhead facilities);

[(26)**] (27)** for Baltimore County only, Title 9, Subtitle 3 (Single–County Provisions – Baltimore County);

[(27)**] (28)** for Frederick County only, Title 9, Subtitle 10 (Single–County Provisions – Frederick County);

[(28)**] (29)** for Howard County only, Title 9, Subtitle 13 (Single–County Provisions – Howard County);

[(29)**] (30)** for Talbot County only, Title 9, Subtitle 18 (Single–County Provisions – Talbot County); and

[(30)**] (31)** Title 11, Subtitle 2 (Civil Penalty).

(c) This section supersedes any inconsistent provision of Division II of this article.

4–216.

(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) "LARGE FAMILY CHILD CARE HOME" HAS THE MEANING STATED IN § 9.5–301 OF THE EDUCATION ARTICLE.

(B) A LOCAL JURISDICTION MAY NOT, BY LOCAL ORDINANCE, RESOLUTION, LAW, OR RULE, 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.

10–103.

(a) Except as provided in this section, this division does not apply to Baltimore City.

(b) The following provisions of this division apply to Baltimore City:

(1) this title;

(2) § 1–101(m) (Definitions – "Priority funding area");

(3) § 1–101(o) (Definitions – "Sensitive area");

(4) § 1–201 (Visions);

(5) § 1–206 (Required education);

(6) § 1–207 (Annual report – In general);

(7) § 1–208 (Annual report – Measures and indicators);

(8) Title 1, Subtitle 3 (Consistency);

(9) Title 1, Subtitle 4, Parts II and III (Home Rule Counties – Comprehensive Plans; Implementation);

(10) § 4–104(c) (Limitations – Bicycle parking);

(11) § 4–104(d) (Limitations – Manufactured homes and modular dwellings);

(12) § 4–205 (Administrative adjustments);

(13) § 4–207 (Exceptions – Maryland Accessibility Code);

(14) § 4–210 (Permits and variances – Solar panels);

(15) § 4–211 (Change in zoning classification – Energy generating systems);

(16) § 4–215 (Pollinator–friendly vegetation management);

(17) **§ 4–216 (LIMITATIONS – FAMILY CHILD CARE HOMES AND LARGE FAMILY CHILD CARE HOMES);**

(18) § 5–102(d) (Subdivision regulations – Burial sites);

[(18)**] (19)** Title 7, Subtitle 1 (Development Mechanisms);

[(19)**] (20)** Title 7, Subtitle 2 (Transfer of Development Rights);

[(20)**] (21)** Title 7, Subtitle 3 (Development Rights and Responsibilities Agreements);

[(21)**] (22)** Title 7, Subtitle 4 (Inclusionary Zoning);

[(22)**] (23)** Title 7, Subtitle 5 (Housing Expansion and Affordability); and

[(23)**] (24)** Title 11, Subtitle 2 (Civil Penalty).

Article – Real Property

11–111.1.

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

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

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

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

(2)**]** The provisions of this section relating to no–impact home–based businesses do not apply to a condominium that **[**has**]:**

(1) HAS adopted, prior to July 1, 1999, procedures in accordance with its covenants, declaration, or bylaws for the regulation or prohibition of no–impact home–based businesses**; OR**

(2) IS RESTRICTED FOR OCCUPANCY TO INDIVIDUALS OVER A SPECIFIED AGE.

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

(i) **MAY NOT PROHIBIT OR RESTRICT:**

1. The establishment and operation of family child care homes or **LARGE FAMILY CHILD CARE HOMES; OR**

2. THE USE OF THE ROADS, SIDEWALKS, AND OTHER COMMON ELEMENTS OF THE CONDOMINIUM BY USERS OF THE FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME; AND

(II) IF THE RECORDED COVENANT OR RESTRICTION, PROVISION IN A DECLARATION, OR PROVISION OF THE BYLAWS OR RULES OF A CONDOMINIUM OTHERWISE PROHIBITS OR RESTRICTS COMMERCIAL OR BUSINESS ACTIVITY IN GENERAL BUT DOES NOT EXPRESSLY APPLY TO NO–IMPACT HOME–BASED BUSINESSES, MAY NOT BE CONSTRUED TO PROHIBIT OR RESTRICT no–impact home–based businesses**[**; or

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

(2) Subject to the provisions of **[**subsections**]** **SUBSECTION** (d) **[**and (e)(1)**]** of this section, the operation of a family child care home**, LARGE FAMILY CHILD CARE HOME,** or no–impact home–based business 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 CONDOMINIUM 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) Subject to the provisions of paragraphs (2) and (3) of this subsection, a condominium may include in its declaration, bylaws, or rules and restrictions a provision expressly prohibiting the use of a unit as a **[**family child care home or**]** no–impact home–based business.

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

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

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

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

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

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

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

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

(f) (1) **[**If the condominium regulates the number or percentage of family child care homes under subsection (e)(1) of this section, in order to assure compliance with the regulation, the**]** **THE** condominium may require residents to notify the condominium before opening a family child care home **OR LARGE FAMILY CHILD CARE HOME**.

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

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

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

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

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

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

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

11B–111.1.

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

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

(3)**]** "Family child care home" **[**means a unit registered under Title 9.5, Subtitle 3**]** **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.

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

(2)**]** The provisions of this section relating to no–impact home–based businesses do not apply to a homeowners association that **[**has**]:**

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

(i) **[**The establishment**] MAY NOT PROHIBIT OR RESTRICT THE:**

1. ESTABLISHMENT and operation of family child care homes or **LARGE FAMILY CHILD CARE HOMES; OR**

2. USE OF THE ROADS, SIDEWALKS, AND OTHER COMMON ELEMENTS OF THE HOMEOWNERS ASSOCIATION BY USERS OF THE FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME; AND

(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**[**; or

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

(2) Subject to the provisions of **[**subsections**]** **SUBSECTION** (d) **[**and (e)(1)**]** of this section, the operation of a family child care home**, LARGE FAMILY CHILD CARE HOME,** or no–impact home–based business 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 **[**family child care home or**]** no–impact home–based business.

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

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

(2) A provision described under paragraph (1)(i) of this subsection expressly prohibiting the use of a residence as a **[**family child care home or**]** no–impact home–based business may not be enforced unless it is approved by a simple majority of the

total eligible voters of the homeowners association, not including the developer, under the voting procedures contained in the declaration or bylaws of the homeowners association.

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

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

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

(1) Requires **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) **[**If the homeowners association regulates the number or percentage of family child care homes under subsection (e)(1) of this section, in order to assure compliance with this regulation, the**]** **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.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 6, 2025.

Chapter 519

(House Bill 292)

AN ACT concerning

Cooperative Housing Corporations, Condominiums, and Homeowners Associations – Funding of Reserve Accounts and Preparation of Funding Plans

FOR the purpose of requiring that certain funds for the reserve account of a cooperative housing corporation, a residential condominium, or a homeowners association be deposited by a certain day each fiscal year; extending the amount of time after an initial reserve study that a cooperative housing corporation, a residential condominium, or a homeowners association has to obtain a certain recommended reserve funding level; authorizing a cooperative housing corporation, a residential condominium, or a homeowners association to reasonably deviate from certain reserve funding requirements following a certain financial hardship determination by the governing body; requiring that certain updated reserve studies be prepared by a certain person; requiring the governing body of a cooperative housing corporation, a residential condominium, or a homeowners association to review the reserves and the most recent reserve study or updated reserve study annually to determine whether there is adequate funding in accordance with a certain funding plan; altering the definition of "reserve study" to provide that the governing body of a cooperative housing corporation, a residential condominium, or a homeowners association may determine a minimum cost of repair or replacement for components, subject to certain restrictions; requiring the governing body of a cooperative housing corporation, a residential condominium, or a homeowners association to prepare a certain funding plan subject to certain requirements; altering a certain provision of law relating to component costs and the application of certain reserve study requirements to a homeowners association; and generally relating to the funding of reserve accounts, reserve studies, and annual budgets of cooperative housing corporations, condominiums, and homeowners associations.

BY repealing and reenacting, with amendments,
Article – Corporations and Associations
Section 5–6B–26.1
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Real Property
Section 11–109.2(b) and 11B–112.2(c)
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section ~~11–10~~ 11–109.2(c), 11–109.4, ~~11B–~~ 11B–112.2(d), and 11B–112.3
Annotated Code of Maryland
(2023 Replacement Volume and 2024 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) **(1)** In this section**[**, "reserve**]** **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 elements of a cooperative housing corporation that:

[(1)**]** **(I)** **[**Identifies**]** **USING AN ITEMIZED LIST, CLEARLY IDENTIFIES** each structural, mechanical, electrical, and plumbing component of the common elements and any other components that ~~are~~**:**

1. **ARE** the responsibility of the cooperative housing corporation 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 COOPERATIVE HOUSING CORPORATION; AND**

B. **NOT A MINOR EXPENSE THAT IS OTHERWISE ADDRESSED BY THE BUDGET OF THE COOPERATIVE HOUSING CORPORATION;**

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

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

[(4)**]** **(IV)** States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement**; AND**

(V) STATES THE ~~SQUARE FOOTAGE~~ 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 ELEMENTS SINCE THE PRIOR RESERVE STUDY WAS COMPLETED WITHIN THE PREVIOUS 5 YEARS, A STUDY THAT:

(I) ~~A~~;

~~REVISES REPLACEMENT COST, REMAINING LIFE, AND USEFUL LIFE ESTIMATES;~~

~~I~~

~~1.~~ (II) ~~W~~ ANALYZES WORK PERFORMED AND AMOUNTS SPENT; AND

~~2.~~ (III) ~~W~~ IDENTIFIES WHETHER ANY MAINTENANCE CONTRACTS ARE IN PLACE.

(b) (1) This subsection applies only to a cooperative housing corporation 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 cooperative housing corporation shall have an independent reserve study completed not less than 30 calendar days before the first meeting of the cooperative housing corporation at which the members other than the owner have a majority of votes in the cooperative housing corporation.

(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, which shall be updated at least every 5 years thereafter.

(c) (1) (i) This paragraph applies only to a cooperative housing corporation established in Prince George's County before October 1, 2020.

(ii) If the governing body of a cooperative housing corporation 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 cooperative housing corporation 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 cooperative housing corporation established in Montgomery County before October 1, 2021.

(ii) If the governing body of a cooperative housing corporation 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 cooperative housing corporation 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 to a cooperative housing corporation established in any county other than Prince George's County or Montgomery County before October 1, 2022.

(ii) If the governing body of a cooperative housing corporation 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 cooperative housing corporation 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.

(d) 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; or

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

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

(3) Be reviewed by the governing body of the 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.

(e) To the extent that a reserve study conducted in accordance with this section indicates a need to budget for reserves, the budget shall include:

(1) For the capital components, the current estimated:

(i) Replacement cost;

(ii) Remaining life; and

(iii) Useful life;

(2) The amount of accumulated cash reserves set aside for the repair, replacement, or restoration of capital components as of the beginning of the fiscal year in which the reserve study is conducted and the amount of the expected contribution to the reserve fund for the fiscal year;

(3) A statement describing the procedures used for estimation and accumulation of cash reserves in accordance with this section; and

(4) A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves.

(f) (1) (i) **1.** Subject to **PARAGRAPH (2) OF THIS SUBSECTION AND** subparagraph (ii) of this paragraph, the governing body of a cooperative housing corporation shall [provide] **DEPOSIT** funds to the reserve **ACCOUNT** in accordance with the most recent reserve study **OR UPDATED RESERVE STUDY AND THE FUNDING PLAN**

REQUIRED UNDER SUBSECTION (G) OF THIS SECTION ON OR BEFORE THE LAST DAY OF EACH FISCAL YEAR and shall review the **RESERVES AND THE MOST RECENT RESERVE STUDY OR UPDATED** reserve study annually **TO DETERMINE WHETHER THERE IS ADEQUATE FUNDING IN ACCORDANCE WITH THE FUNDING PLAN REQUIRED UNDER SUBSECTION (G) OF THIS SECTION**.

2. THE ANNUAL REVIEW UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH DOES NOT REQUIRE A RESERVE STUDY OR UPDATED RESERVE STUDY IN addition TO THE RESERVE STUDY REQUIREMENTS UNDER SUBSECTIONS (B) AND (C) OF THIS SECTION.

(ii) ~~If~~ **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF** the most recent reserve study was an initial reserve study, the governing body shall, within **[**3**]** **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 SUBSECTION (G) OF THIS SECTION**.

(2) **(I) THE GOVERNING BODY OF A COOPERATIVE HOUSING CORPORATION MAY DETERMINE BY A TWO–THIRDS MAJORITY VOTE THAT THE COOPERATIVE HOUSING CORPORATION AND THE MEMBERS ARE EXPERIENCING A FINANCIAL HARDSHIP THAT LIMITS THE ABILITY TO FUND RESERVES THAT ARE REQUIRED UNDER PARAGRAPH (1)(I) OR (II) 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)(I) OR (II) OF THIS SUBSECTION:

1. THE COOPERATIVE HOUSING CORPORATION 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 SUBSECTION (G)(3) OF THIS SECTION.

(III) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, A COOPERATIVE HOUSING CORPORATION MAY NOT DEVIATE FROM THE RESERVE FUNDING REQUIREMENTS OF PARAGRAPH (1)(I) OR (II) OF THIS SUBSECTION FOR A PERIOD OF MORE THAN 1 FISCAL YEAR FOLLOWING THE FINANCIAL HARDSHIP DETERMINATION.

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 COOPERATIVE HOUSING CORPORATION 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)(I) OR (II) 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 § 5–6B–26 OF THIS SUBTITLE.

(V) 1. ALL MEMBERS 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 BE TAKEN ONLY AT A REGULAR OR SPECIAL MEETING OF THE COOPERATIVE HOUSING CORPORATION.

(3) 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.

(G) (1) THE GOVERNING BODY OF A COOPERATIVE HOUSING CORPORATION SHALL, IN CONSULTATION WITH A PERSON IDENTIFIED UNDER SUBSECTION (D)(1) OF THIS SECTION, DEVELOP A FUNDING PLAN TO DETERMINE HOW TO ~~FUND~~ FUND THE RESERVES NECESSARY UNDER THIS SECTION.

(2) IN DEVELOPING THE FUNDING PLAN UNDER THIS SUBSECTION, THE GOVERNING BODY SHALL ~~SELECT ONE OF~~ SELECT ONE OF THE FOLLOWING METHODS TO ACHIEVE THE RESERVE FUNDING UNDER THIS SECTION:

(I) THE COMPONENT ~~METHOD~~ METHOD;

(II) THE CASH FLOW METHOD;

(III) THE BASELINE FUNDING METHOD;

(IV) THE THRESHOLD CASH FLOW METHOD; ~~——~~ OR

(V) ~~O~~ 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 ELEMENTS OF THE COOPERATIVE HOUSING CORPORATION 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.

~~—~~ ~~R~~ .

(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 SHALL REVIEW PROGRESS TOWARD COMPLIANCE WITH THE FUNDING PLAN DEVELOPED UNDER THIS SUBSECTION AT EACH ANNUAL MEETING OF THE GOVERNING BODY.

Article – Real Property

11–109.2.

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

(1) Income;

(2) Administration;

(3) Maintenance;

(4) Utilities;

(5) General expenses;

(6) Reserves~~,~~; and

(7) Capital items.

(c) (1) Subject to ~~_____~~ **PARAGRAPHS (2) AND (3)** of this subsection **AND IN ACCORDANCE WITH THE FUNDING PLAN UNDER § 11–109.4(F) OF THIS TITLE**, the reserves provided for in the annual budget under subsection (b) of this section for a residential condominium shall **[**be**]:**

(I) BE the funding amount recommended in the most recent reserve study **OR UPDATED RESERVE STUDY** completed under § 11–109.4 of this title**; AND**

(II) BE DEPOSITED IN THE RESERVE ACCOUNT ON OR BEFORE THE LAST DAY OF EACH FISCAL YEAR.

(2) ~~If~~ **SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, IF** the most recent reserve study was an initial reserve study, the governing body shall, within **[**3**]** **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 § 11–109.4(F) OF THIS TITLE**.

(3) (I) THE GOVERNING BODY OF A RESIDENTIAL CONDOMINIUM MAY DETERMINE BY A TWO–THIRDS MAJORITY VOTE THAT THE CONDOMINIUM AND THE UNIT 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 CONDOMINIUM 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 § 11–109.4(F)(3) OF THIS TITLE.

(III) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, A RESIDENTIAL CONDOMINIUM 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. 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 RESIDENTIAL CONDOMINIUM 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 AVAILABLE FOR EXAMINATION AND COPYING UNDER § 11–116 OF THIS TITLE.

(V) 1. ALL UNIT 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 BE TAKEN ONLY AT A REGULAR OR SPECIAL MEETING OF THE CONDOMINIUM.

(4) (I) ~~A~~ THE GOVERNING BODY OF A RESIDENTIAL CONDOMINIUM 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 § 11–109.4(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 § 11–109.4 OF THIS TITLE.

11–109.4.

(a) **(1)** In this section**[**, "reserve**]** **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 elements of a condominium that:

[(1)**]** **(I) [**Identifies**]** **USING AN ITEMIZED LIST, IDENTIFIES** each structural, mechanical, electrical, and plumbing component of the common elements and any other components that ~~are~~**:**

1. ARE the responsibility of the council of unit owners 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 CONDOMINIUM; AND

B. NOT A MINOR EXPENSE THAT IS OTHERWISE ADDRESSED BY THE BUDGET OF THE CONDOMINIUM;

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

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

[(4)**]** **(IV)** States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement**; AND**

(V) STATES THE ~~SQUARE FOOTAGE~~ 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 ELEMENTS SINCE THE PRIOR RESERVE STUDY WAS COMPLETED WITHIN THE PREVIOUS 5 YEARS, A STUDY THAT:

(I) ~~A~~;

~~—~~ REVISES REPLACEMENT COST, REMAINING LIFE, AND USEFUL LIFE ESTIMATES; ~~—~~

~~—~~ ~~I~~

~~1.~~ (II) ~~W~~ ~~—~~ ANALYZES WORK PERFORMED AND AMOUNTS SPENT; AND

~~2.~~ (III) ~~W~~ ~~—~~ IDENTIFIES WHETHER ANY MAINTENANCE CONTRACTS ARE IN PLACE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Each reserve study **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; or

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

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

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

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

(F) (1) THE GOVERNING BODY OF A CONDOMINIUM 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 TO ACHIEVE 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) ~~O~~ 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 ELEMENTS OF THE CONDOMINIUM 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.

~~R~~

(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 SHALL REVIEW PROGRESS TOWARD COMPLIANCE WITH THE FUNDING PLAN DEVELOPED UNDER THIS SUBSECTION AT EACH ANNUAL MEETING OF THE GOVERNING BODY.

11B–112.2.

(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 **[**be**]:**

(I) BE the funding amount recommended in the most recent reserve study **OR UPDATED RESERVE STUDY** completed under § 11B–112.3 of this title**; AND**

(II) BE DEPOSITED IN THE RESERVE ACCOUNT ON OR BEFORE THE LAST DAY OF EACH FISCAL YEAR.

(2) ~~If~~ **SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, IF** the most recent reserve study was an initial reserve study, the governing body shall, within **[**3**]** **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. 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) ~~A~~ 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.

11B–112.3.

(a) **(1)** In this section**[**, "reserve**]** **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:

[(1)**]** **(I) [**Identifies**]** **USING AN ITEMIZED LIST, IDENTIFIES** each structural, mechanical, electrical, and plumbing component of the common areas and any other components that ~~are~~**:**

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;

[(2)**]** **(II)** States the estimated remaining useful life of each identified component;

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

[(4)**]** **(IV)** States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement**; AND**

(V) STATES THE ~~SQUARE FOOTAGE~~ 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 ~~A~~ AREAS SINCE THE PRIOR RESERVE STUDY WAS COMPLETED WITHIN THE PREVIOUS 5 YEARS, A STUDY THAT:

(I) ~~A~~;

~~R~~ REVISES REPLACEMENT COST, REMAINING LIFE, AND USEFUL LIFE ESTIMATES; ~~AND~~

~~I~~

~~1.~~ (II) ~~W~~ ANALYZES WORK PERFORMED AND AMOUNTS SPENT; AND

~~2.~~ (III) ~~W~~ 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)(1)**]** **(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 only to a homeowners association established in:

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

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

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

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

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

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

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

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

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

(ii) If the governing body of a homeowners association has had a reserve study conducted on or after October 1, 2017, the governing body shall have an

updated reserve study conducted within 5 years after the date of that reserve study and at least every 5 years thereafter.

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

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

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

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

(e) Each reserve study **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; or

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

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

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

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

(F) (1) ~~A~~ 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 TO ACHIEVE 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) ~~O————————————~~ 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 THE 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.

~~—— R————————————————————————————————————~~.

(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.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 13, 2025.

Chapter 517

(House Bill 4)

AN ACT concerning

Restrictions on Use – Solar Collector Systems – Alteration

FOR the purpose of prohibiting a restriction on use regarding land use that increases the cost of installing a solar collector system by at least a certain percentage over a certain cost or that reduces the efficiency of the solar collector system by at least a certain percentage under a certain level of energy generation; authorizing a community association to prohibit the installation of a solar collector system in the common area or common elements within the real estate development served by the community association; authorizing a community association to impose reasonable restrictions on the installation of a solar collector system in the common area or common elements; authorizing a community association to install a solar collector system in the common area or common elements provided the installation is not otherwise prohibited by applicable law; and generally relating to regulation of solar collector systems.

BY repealing and reenacting, with amendments,
Article – Real Property
Section 2–119
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

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

Article – Real Property

2–119.

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

(2) "Restriction on use" includes any covenant, restriction, or condition contained in:

(i) A deed;

(ii) A declaration;

(iii) A contract;

(iv) The bylaws or rules of a condominium or homeowners association;

(v) A security instrument; or

(vi) Any other instrument affecting:

1. The transfer or sale of real property; or

2. Any other interest in real property.

(3) "Solar collector system" means a solar collector or other solar energy device, the primary purpose of which is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating, space cooling, or water heating.

(4) "Solar easement" means an interest in land that:

(i) Is conveyed or assigned in perpetuity; and

(ii) Limits the use of the land to preserve the receipt of sunlight across the land for the use of a property owner's solar collector system.

(b) (1) A restriction on use regarding land use may not impose or act to impose unreasonable limitations on the installation of a solar collector system on the roof or exterior walls of improvements, provided that the property owner owns or has the right to exclusive use of the roof or exterior walls.

(2) For purposes of paragraph (1) of this subsection, **[**an unreasonable limitation includes a limitation that:

(i) Significantly increases the cost of the solar collector system; or

(ii) Significantly decreases the efficiency of the solar collector system**] A RESTRICTION ON USE IS UNREASONABLE IF APPLICATION OF THE RESTRICTION ON USE TO A PARTICULAR PROPOSAL:**

(I) INCREASES THE INSTALLATION COST OF THE SOLAR COLLECTOR SYSTEM BY AT LEAST 5% OVER THE PROJECTED COST OF THE INITIALLY PROPOSED INSTALLATION; OR

(II) REDUCES THE ENERGY GENERATED BY THE SOLAR COLLECTOR SYSTEM BY AT LEAST 10% BELOW THE PROJECTED ENERGY GENERATION OF THE INITIALLY PROPOSED INSTALLATION.

(3) (I) THE OWNER SHALL PROVIDE DOCUMENTATION THAT IS SATISFACTORY TO THE COMMUNITY ASSOCIATION TO SHOW THAT THE RESTRICTION

IS UNREASONABLE UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(II) THE DOCUMENTATION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE PREPARED BY AN INDEPENDENT SOLAR PANEL DESIGN SPECIALIST WHO:

1. IS CERTIFIED BY THE NORTH AMERICAN BOARD OF CERTIFIED ENERGY PRACTITIONERS; OR

2. HAS ATTESTED BY AFFIDAVIT TO DESIGNING AT LEAST 30 SOLAR COLLECTOR SYSTEMS IN THE COURSE OF TRADE WITHIN THE PRIOR 3 YEARS.

(4) (I) A COMMUNITY ASSOCIATION MAY PROHIBIT OR RESTRICT THE INSTALLATION OF A SOLAR COLLECTOR SYSTEM IN THE COMMON AREA OR COMMON ELEMENTS WITHIN THE REAL ESTATE DEVELOPMENT SERVED BY THE ASSOCIATION.

(II) A COMMUNITY ASSOCIATION MAY ESTABLISH REASONABLE RESTRICTIONS AS TO THE NUMBER, SIZE, PLACE, OR MANNER OF PLACEMENT OR INSTALLATION OF A SOLAR COLLECTOR SYSTEM INSTALLED IN THE COMMON AREA OR COMMON ELEMENTS.

(III) NOTWITHSTANDING THE PROVISIONS OF THE GOVERNING DOCUMENTS AND PROVIDED THAT THE INSTALLATION IS NOT OTHERWISE PROHIBITED BY APPLICABLE LAW, THE BOARD OF DIRECTORS FOR A COMMUNITY ASSOCIATION SHALL HAVE DISCRETION TO INSTALL A SOLAR COLLECTOR SYSTEM IN THE COMMON AREA OR COMMON ELEMENTS WITHIN THE REAL ESTATE DEVELOPMENT SERVED BY THE COMMUNITY ASSOCIATION.

(c) (1) A property owner who has installed or intends to install a solar collector system may negotiate to obtain a solar easement in writing.

(2) Any written instrument creating a solar easement shall include:

(i) A description of the dimensions of the solar easement expressed in measurable terms, including vertical or horizontal angles measured in degrees or the hours of the day on specified dates when direct sunlight to a specified surface of a solar collector system may not be obstructed;

(ii) The restrictions placed on vegetation, structures, and other objects that would impair the passage of sunlight through the solar easement; and

(iii) The terms under which the solar easement may be revised or terminated.

(3) A written instrument creating a solar easement shall be recorded in the land records of the county where the property is located.

(d) This section does not apply to a restriction on use on historic property that is listed in, or determined by the Director of the Maryland Historical Trust to be eligible for inclusion in, the Maryland Register of Historic Properties.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 13, 2025.