

CITIZEN-DRAFTED BILL CB-606

Requested: September 7, 2025

Suggested assignment to: Economic Matters

AN ACT concerning

Common ownership – Financial management

FOR the purpose of consumer protection and minimizing the potential hidden costs to home ownership arising from falsified or hidden calculations of debts, insular procurement or monopolies, use of association funds for personal causes, resources paid for by homeowners but diverted from their use or benefit for the profit of others connected to directors and managers, improper use of funds other than embezzlement, and other predatory abuses.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Bold indicates matters for general awareness, usually existing law that provides key context for the bill.

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

Article – Real Property

11-109.2

(h) A GOVERNING BODY SHALL NOT BUDGET OR EXPEND ASSOCIATION FUNDS FOR:

(1) A DEFAMATION LAWSUIT AGAINST A UNIT OWNER;

(2) MEALS OR ENTERTAINMENT, UNLESS ALL UNIT OWNERS HAVE ACCESS TO THE MEAL AND ~~EVENT THEM~~; OR

(3) BONUS TO MANAGEMENT OR STAFF IN EXCESS OF ~~\$100~~ \$500 IN A FISCAL YEAR, UNLESS THE BONUS IS APPROVED BY THE COUNCIL OF UNIT OWNERS

11-110

(e)(1) Any assessment, or installment thereof, not paid when due shall bear interest, at the option of the council of unit owners, from the date when due until paid at the rate provided in the bylaws, not exceeding 18 percent per annum, and if no rate is provided, then at 18 percent per annum. UPON REQUEST, ANY NOTICE OF INTEREST DUE MUST CLEARLY SHOW THE PERCENTAGE AND DAYS OF INTEREST CHARGED WHICH WERE AND JUSTIFY THE MATH USED TO CALCULATE THE INTEREST DUE.

11-113

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

(b) (1) The council of unit owners or board of directors **may not impose a fine**, suspend voting, or infringe upon any other rights of a unit owner or other occupant for violations of rules until the procedures in this subsection are followed. THIS SECTION IS APPLICABLE ONLY TO ALLEGED VIOLATIONS OF RULES PROPERLY PASSED ~~AND RECORDED~~ UNDER SECTION 11-111 OF THIS TITLE OR APPEARING IN A PROPERLY PASSED GOVERNING DOCUMENT ON FILE IN THE COUNTY LAND RECORDS. ALL OTHER ALLEGED VIOLATIONS ARE UNENFORCEABLE AND VOID.

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

(i) The alleged violation, CITING THE GOVERNING DOCUMENT AND APPLICABLE PAGE, PARAGRAPH, RULE NUMBER, OR BYLAW NUMBER, AND EXCERPTING THE RELEVANT LANGUAGE;

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

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

(iv) A STATEMENT THAT "CONSUMERS ARE ADVISED TO REVIEW SECTIONS 11-110, 11-113, AND 14-201 THROUGH 14-206 OF THE MARYLAND REAL PROPERTY ARTICLE."

11-116

(a) The council of unit owners shall keep books and records in accordance with good accounting practices on a consistent basis. ALL INVOICES SHALL BE ORGANIZED AT LEAST BY VENDOR NAME TO FACILITATE INSPECTION AND INVESTIGATION.

11B-112.2

(h) A GOVERNING BODY SHALL NOT BUDGET OR EXPEND ASSOCIATION FUNDS FOR:

(1) A DEFAMATION LAWSUIT AGAINST A LOT OWNER;

(2) MEALS OR ENTERTAINMENT, UNLESS ALL LOT OWNERS HAVE ACCESS TO THE MEAL AND EVENT THEM; OR

(3) BONUS TO MANAGEMENT OR STAFF IN EXCESS OF ~~\$100~~ \$500 IN A FISCAL YEAR, UNLESS THE BONUS IS APPROVED BY THE MEMBERSHIP OF THE HOMEOWNER ASSOCIATION

11B-111.10

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

(b) (1) The board of directors or other governing body of the homeowners association **may not impose a fine**, suspend voting, or infringe on any other right of a lot owner or any other occupant for violations of rules until the procedures in this subsection are followed. THIS SECTION IS APPLICABLE ONLY TO ALLEGED VIOLATIONS OF RULES, INCLUDING VIOLATIONS OF ~~IN~~ A PROPERLY PASSED GOVERNING DOCUMENT ON FILE IN THE COUNTY LAND RECORDS. ALL OTHER ALLEGED VIOLATIONS ARE UNENFORCEABLE AND VOID.

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

(i) The nature of the alleged violation, CITING THE GOVERNING DOCUMENT AND APPLICABLE PAGE, PARAGRAPH, RULE NUMBER, OR BYLAW NUMBER, AND EXCERPTING THE RELEVANT LANGUAGE;

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

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

(iv) A STATEMENT THAT "CONSUMERS ARE ADVISED TO REVIEW SECTIONS 11B-111.10 AND 14-201 THROUGH 14-206 OF THE MARYLAND REAL PROPERTY ARTICLE."

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) ALL INVOICES SHALL BE ORGANIZED AT LEAST BY VENDOR NAME TO FACILITATE INSPECTION AND INVESTIGATION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.