

HOUSE BILL 879

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2004 Regular Session
4lr1724
CF 4lr2844

By: **Delegates Bobo, Boteler, Bozman, Brown, Holmes, Hubbard, and Moe**
Introduced and read first time: February 9, 2004
Assigned to: Environmental Matters

Committee Report: Favorable
House action: Adopted
Read second time: March 23, 2004

CHAPTER 382

1 AN ACT concerning

2 **Cooperative Housing Corporations, Condominiums, and Homeowners**
3 **Associations - Books and Records**

4 FOR the purpose of requiring all books and records kept by or on behalf of a
5 cooperative housing corporation to be made available for examination and
6 copying by certain persons except under certain circumstances; authorizing a
7 cooperative housing corporation to impose a reasonable charge upon a person
8 desiring to review or copy the books and records; authorizing a council of unit
9 owners of a condominium to withhold books and records kept by or on behalf of
10 the council of unit owners from public inspection under certain circumstances;
11 authorizing a council of unit owners of a condominium to impose a reasonable
12 charge on a person desiring to review or copy the books and records; altering the
13 kinds of books and records a homeowners association may withhold from public
14 inspection under certain circumstances; and generally relating to the books and
15 records of cooperative housing corporations, condominiums, and homeowners
16 associations.

17 BY adding to
18 Article - Corporations and Associations
19 Section 5-6B-18.3
20 Annotated Code of Maryland
21 (1999 Replacement Volume and 2003 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article - Real Property
24 Section 11-116 and 11B-112
25 Annotated Code of Maryland

1 (2003 Replacement Volume and 2003 Supplement)

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

4 **Article - Corporations and Associations**

5 5-6B-18.3.

6 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, ALL
7 BOOKS AND RECORDS KEPT BY OR ON BEHALF OF A COOPERATIVE HOUSING
8 CORPORATION SHALL BE MADE AVAILABLE FOR EXAMINATION AND COPYING BY A
9 MEMBER, A MEMBER'S MORTGAGEE, AND THEIR RESPECTIVE DULY AUTHORIZED
10 AGENTS OR ATTORNEYS, DURING NORMAL BUSINESS HOURS, AND AFTER
11 REASONABLE NOTICE.

12 (2) BOOKS AND RECORDS KEPT BY OR ON BEHALF OF A COOPERATIVE
13 HOUSING CORPORATION MAY BE WITHHELD FROM PUBLIC INSPECTION TO THE
14 EXTENT THAT THEY CONCERN:

15 (I) PERSONNEL RECORDS;

16 (II) AN INDIVIDUAL'S MEDICAL RECORDS;

17 (III) AN INDIVIDUAL'S FINANCIAL RECORDS;

18 (IV) RECORDS RELATING TO BUSINESS TRANSACTIONS THAT ARE
19 CURRENTLY IN NEGOTIATION;

20 (V) THE WRITTEN ADVICE OF LEGAL COUNSEL; OR

21 (VI) MINUTES OF A CLOSED MEETING OF THE BOARD OF
22 DIRECTORS OR OTHER GOVERNING BODY OF THE COOPERATIVE HOUSING
23 CORPORATION.

24 (B) THE COOPERATIVE HOUSING CORPORATION MAY IMPOSE A REASONABLE
25 CHARGE ON A PERSON DESIRING TO REVIEW OR COPY THE BOOKS AND RECORDS.

26 **Article - Real Property**

27 11-116.

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

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

1 (c) (1) [Every record] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
2 SUBSECTION, ALL BOOKS AND RECORDS, including insurance policies, kept by the
3 council of unit owners shall be maintained in Maryland or within 50 miles of its
4 borders and shall be available at some place designated by the council of unit owners
5 within the county where the condominium is located for examination and copying by
6 any unit owner, his mortgagee, and their respective duly authorized agents or
7 attorneys, during normal business hours, and after reasonable notice.

8 (2) BOOKS AND RECORDS KEPT BY OR ON BEHALF OF A COUNCIL OF
9 UNIT OWNERS MAY BE WITHHELD FROM PUBLIC INSPECTION TO THE EXTENT THAT
10 THEY CONCERN:

11 (I) PERSONNEL RECORDS;

12 (II) AN INDIVIDUAL'S MEDICAL RECORDS;

13 (III) AN INDIVIDUAL'S FINANCIAL RECORDS;

14 (IV) RECORDS RELATING TO BUSINESS TRANSACTIONS THAT ARE
15 CURRENTLY IN NEGOTIATION;

16 (V) THE WRITTEN ADVICE OF LEGAL COUNSEL; OR

17 (VI) MINUTES OF A CLOSED MEETING OF THE BOARD OF
18 DIRECTORS OR OTHER GOVERNING BODY OF THE COUNCIL OF UNIT OWNERS.

19 (D) THE COUNCIL OF UNIT OWNERS MAY IMPOSE A REASONABLE CHARGE
20 UPON A PERSON DESIRING TO REVIEW OR COPY THE BOOKS AND RECORDS.

21 11B-112.

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

27 (2) Books and records kept by or on behalf of a homeowners association
28 may be withheld from public inspection to the extent that they concern:

29 (i) Personnel records;

30 (ii) An individual's medical records;

31 (iii) An individual's financial records;

32 (iv) Records relating to business transactions that are currently in
33 negotiation; [or]

34 (v) The written advice of legal counsel; OR

1 (VI) MINUTES OF A CLOSED MEETING OF THE GOVERNING BODY OF
2 THE HOMEOWNERS ASSOCIATION.

3 (b) The homeowners association may impose a reasonable charge upon a
4 person desiring to review or copy the books and records.

5 (c) (1) Each homeowners association that was in existence on June 30, 1987
6 shall deposit in the depository by December 31, 1988, and each homeowners
7 association established subsequent to June 30, 1987 shall deposit in the depository by
8 the later of the date 30 days following its establishment, or December 31, 1988, all
9 disclosures, current to the date of deposit, specified:

10 (i) By § 11B-105(b) of this title except for those disclosures
11 required by paragraphs (6)(i), (8), (9), and (12);

12 (ii) By § 11B-106(b) of this title except for those disclosures
13 required by paragraphs (1), (2), (4), and (5)(i); and

14 (iii) By § 11B-107(b) of this title.

15 (2) Beginning January 1, 1989, within 30 days of the adoption of or
16 amendment to any of the disclosures required by this title to be deposited in the
17 depository, a homeowners association shall deposit the adopted or amended
18 disclosures in the depository.

19 (3) If a homeowners association fails to deposit in the depository any of
20 the disclosures required to be deposited by this section, or by § 11B-105(b)(6)(ii) or §
21 11B-106(b)(5)(ii) of this title, then those disclosures which were not deposited shall be
22 unenforceable until the time they are deposited.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2004.