

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 388

(Delegate Gilchrist, *et al.*)

Environmental Matters

Judicial Proceedings

Maryland Condominium Act - Closed Meetings of Board of Directors

This bill expands the purposes for which a condominium's board of directors may hold a closed meeting. The bill allows a meeting to be closed to consider terms or conditions of a business transaction in the negotiation stage if disclosure could adversely affect the economic interests of the council of unit owners.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: A meeting of the board of directors of a condominium council of unit owners may be held in closed session solely for:

- discussion of matters pertaining to employees and personnel;
- protection of the privacy or reputation of individuals in matters not related to the council of unit owners' business;
- consultation with legal counsel on legal matters;
- consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters;

- investigative proceedings concerning criminal misconduct;
- compliance with a specific constitutional, statutory, or judicially imposed requirement that protects particular proceedings or matters from public disclosure; or
- discussion of individual owner assessment accounts.

If a meeting is held in closed session for one of the aforementioned purposes, a statement of the time, place, and purpose of the meeting, the record of the vote of each board member to close the meeting, and the statutory authority for closing the meeting must be included in the minutes of the next meeting of the board of directors of the condominium council of unit owners. An action may not be taken and a matter may not be discussed during a closed meeting that does not relate to one of the aforementioned purposes.

Background: Chapter 38 of 2009 (SB 171) and Chapter 144 of 2009 (HB 552) altered the authority of a condominium's board of directors and a homeowners association's governing body, respectively, to hold a closed meeting. The bill's expansion of authority for a condominium's board of directors is consistent with the authority of a homeowners association's governing body to close a meeting.

The Secretary of State reports that 2,559 condominiums are registered in Maryland with a total of 165,437 units.

Additional Information

Prior Introductions: None.

Cross File: Although not designated as a cross file, SB 197 (Senator Frosh – Judicial Proceedings) is identical.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Secretary of State, Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2013
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