

## Article - Corporations and Associations

[\[Previous\]](#)[\[Next\]](#)

§5-6B-01.

- (a) In this subtitle the following terms have the meanings indicated.
- (b) “Articles of incorporation” means the charter by which a cooperative housing corporation becomes incorporated under this article.
- (c) “Assessment” means any share of common costs or other expense charged to a member by a cooperative housing corporation.
- (d) “Blanket encumbrance” means any contract binding on a cooperative housing corporation and creating a lien or security interest or other encumbrance or imposing restrictions on any real or personal property owned by the cooperative housing corporation.
- (e) “Bylaws” means the document which details and governs the internal organization and operation of the cooperative housing corporation.
- (f) “Conversion” means the creation of a cooperative housing corporation from a property which was immediately previously a residential rental facility.
- (g) “Cooperative housing corporation” means a domestic or foreign corporation qualified in this State, either stock or nonstock, having only one class of stock or membership, in which each stockholder or member, by virtue of such ownership or membership, has a cooperative interest in the corporation.
- (h) “Cooperative interest” means the ownership interest in a cooperative housing corporation which is coupled with a possessory interest in real or personal property or both and evidenced by a membership certificate.
- (i) “Cooperative project” means all the real and personal property in this State owned or leased by the cooperative housing corporation for the primary purpose of residential use.
- (j) (1) “Developer” means a person who:
  - (i) Owns an equitable interest, including a cooperative interest, in a unit prior to its initial sale to a member of the public;

(ii) Exercises control over cooperative interests before they are transferred to initial purchasers, excluding management agents and sales agents acting in their capacities as such; or

(iii) Receives a material portion of the sales proceeds, not including customary brokerage commissions or payment for indebtedness to an institutional banker, from the initial sale of a cooperative interest to a member of the public.

(2) “Developer” does not include a cooperative housing corporation.

(k) “Electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that:

(1) May be retained, retrieved, and reviewed by a recipient of the communication; and

(2) May be reproduced directly in paper form by a recipient through an automated process.

(l) “Governing body” means the board of directors or other entity established to govern the cooperative housing corporation.

(m) “Initial purchaser” means a member of the public, not an affiliate of or a successor to the developer, who, for value, acquires a cooperative interest as part of the initial sale of a cooperative interest which is used for residential purposes.

(n) “Initial sale” means the first transfer of a cooperative interest to an initial purchaser.

(o) “Member” means a person who owns a cooperative interest.

(p) “Membership certificate” means:

(1) A document, including a stock certificate issued by a cooperative housing corporation, evidencing ownership of a cooperative interest; or

(2) If there is no other document which satisfies item (1) of this subsection, a proprietary lease.

(q) “Moving expenses” means costs incurred to:

(1) Hire contractors, labor, trucks, or equipment for the transportation of personal property;

- (2) Pack and unpack personal property;
- (3) Disconnect and install personal property;
- (4) Insure personal property to be moved; and
- (5) Disconnect and reconnect utilities such as telephone service, gas, water, and electricity.

(r) “No–impact home–based business” means a business that:

- (1) Is consistent with the residential character of the dwelling unit;
- (2) 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;
- (3) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors; and
- (4) 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.

(s) (1) “Proprietary lease” means an agreement with the cooperative housing corporation under which a member has an exclusive possessory interest in a unit and a possessory interest in common with other members in that portion of a cooperative project not constituting units and which creates a legal relationship of landlord and tenant between the cooperative housing corporation and the member, respectively.

(2) “Proprietary lease” includes, if there is no other document that satisfies paragraph (1) of this subsection, a membership certificate.

(t) “Residential rental facility” means property containing at least 10 dwelling units leased for residential purposes.

(u) “Unit” means a portion of the cooperative project leased for exclusive occupancy by a member under a proprietary lease.

[\[Previous\]](#)[\[Next\]](#)