
By: **Senators Green, Forehand, Frosh, Giannetti, Hogan, and Teitelbaum**
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Assigned to: Judicial Proceedings

A BILL ENTITLED

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
26 (2003 Replacement Volume and 2003 Supplement)

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

1 **Article - Corporations and Associations**

2 5-6B-18.3.

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

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

12 (I) PERSONNEL RECORDS;

13 (II) AN INDIVIDUAL'S MEDICAL RECORDS;

14 (III) AN INDIVIDUAL'S FINANCIAL RECORDS;

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

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

18 (VI) MINUTES OF A CLOSED MEETING OF THE BOARD OF
19 DIRECTORS OR OTHER GOVERNING BODY OF THE COOPERATIVE HOUSING
20 CORPORATION.

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

23 **Article - Real Property**

24 11-116.

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

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

32 (c) (1) [Every record] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
33 SUBSECTION, ALL BOOKS AND RECORDS, including insurance policies, kept by the
34 council of unit owners shall be maintained in Maryland or within 50 miles of its
35 borders and shall be available at some place designated by the council of unit owners

1 within the county where the condominium is located for examination and copying by
2 any unit owner, his mortgagee, and their respective duly authorized agents or
3 attorneys, during normal business hours, and after reasonable notice.

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

7 (I) PERSONNEL RECORDS;

8 (II) AN INDIVIDUAL'S MEDICAL RECORDS;

9 (III) AN INDIVIDUAL'S FINANCIAL RECORDS;

10 (IV) RECORDS RELATING TO BUSINESS TRANSACTIONS THAT ARE
11 CURRENTLY IN NEGOTIATION;

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

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

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

17 11B-112.

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

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

25 (i) Personnel records;

26 (ii) An individual's medical records;

27 (iii) An individual's financial records;

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

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

31 (VI) MINUTES OF A CLOSED MEETING OF THE GOVERNING BODY OF
32 THE HOMEOWNERS ASSOCIATION.

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

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

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

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

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

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

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

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