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By: **Senator Green**

Introduced and read first time: February 4, 2005

Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Cooperative Housing Corporations and Homeowners Associations -**  
3 **Adoption of Rules**

4 FOR the purpose of authorizing the board of directors of a cooperative housing  
5 corporation to adopt reasonable rules for the cooperative housing corporation if  
6 the board follows certain procedures; requiring certain notice, meeting, and  
7 voting requirements for a rule proposed by the board of directors of a cooperative  
8 housing corporation; requiring a vote on a rule proposed by the board of  
9 directors of a cooperative housing corporation to be final unless certain petition,  
10 special meeting, and voting requirements are followed; authorizing a member or  
11 tenant of a cooperative housing corporation to request an individual exception to  
12 a rule under certain circumstances; requiring a rule adopted by a cooperative  
13 housing corporation under this Act to include a certain statement and not to be  
14 inconsistent with the articles or incorporation or bylaws of the cooperative  
15 housing corporation; authorizing the board of directors of a homeowners  
16 association to adopt reasonable rules for the homeowners association if the  
17 board follows certain procedures; requiring certain notice, meeting, and voting  
18 requirements for a rule proposed by the board of directors of a homeowners  
19 association; requiring a vote on a rule proposed by the board of directors of a  
20 homeowners association to be final unless certain petition, special meeting, and  
21 voting requirements are followed; authorizing a lot owner or tenant of a  
22 homeowners association to request an individual exception to a rule under  
23 certain circumstances; requiring a rule adopted by a homeowners association  
24 under this Act to include a certain statement and not to be inconsistent with the  
25 declaration or bylaws of the homeowners association; and generally relating to  
26 the adoption of rules by cooperative housing corporations and homeowners  
27 associations.

28 BY adding to  
29 Article - Corporations and Associations  
30 Section 5-6B-18.6  
31 Annotated Code of Maryland  
32 (1999 Replacement Volume and 2004 Supplement)

33 BY adding to

1 Article - Real Property  
2 Section 11B-111.5  
3 Annotated Code of Maryland  
4 (2003 Replacement Volume and 2004 Supplement)

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

7 **Article - Corporations and Associations**

8 5-6B-18.6.

9 (A) THE BOARD OF DIRECTORS OF THE COOPERATIVE HOUSING  
10 CORPORATION MAY ADOPT REASONABLE RULES FOR THE COOPERATIVE HOUSING  
11 CORPORATION IF THE BOARD OF DIRECTORS COMPLIES WITH THE FOLLOWING  
12 PROCEDURES:

13 (1) EACH MEMBER IS MAILED OR DELIVERED:

14 (I) A COPY OF THE PROPOSED RULE;

15 (II) NOTICE THAT MEMBERS ARE PERMITTED TO SUBMIT WRITTEN  
16 COMMENTS ON THE PROPOSED RULE; AND

17 (III) NOTICE OF THE PROPOSED EFFECTIVE DATE OF THE  
18 PROPOSED RULE;

19 (2) (I) BEFORE A VOTE IS TAKEN ON THE PROPOSED RULE, AN OPEN  
20 MEETING IS HELD TO ALLOW EACH MEMBER OR TENANT TO COMMENT ON THE  
21 PROPOSED RULE; AND

22 (II) THE MEETING HELD UNDER SUBPARAGRAPH (I) OF THIS  
23 PARAGRAPH MAY NOT BE HELD UNLESS:

24 1. EACH MEMBER RECEIVES WRITTEN NOTICE AT LEAST 15  
25 DAYS BEFORE THE MEETING; AND

26 2. A QUORUM OF THE BOARD OF DIRECTORS OF THE  
27 COOPERATIVE HOUSING CORPORATION IS PRESENT; AND

28 (3) AFTER NOTICE HAS BEEN GIVEN TO MEMBERS AS PROVIDED IN THIS  
29 SUBSECTION, THE PROPOSED RULE IS PASSED AT A REGULAR OR SPECIAL MEETING  
30 OF THE BOARD OF DIRECTORS BY A MAJORITY VOTE OF THOSE PRESENT AND  
31 VOTING.

32 (B) (1) THE VOTE ON THE PROPOSED RULE SHALL BE FINAL UNLESS:

33 (I) WITHIN 15 DAYS AFTER THE VOTE TO ADOPT THE PROPOSED  
34 RULE, 15 PERCENT OF THE MEMBERS SIGN AND FILE A PETITION WITH THE BODY  
35 THAT VOTED TO ADOPT THE PROPOSED RULE CALLING FOR A SPECIAL MEETING;

1 (II) A QUORUM OF THE MEMBERS ATTENDS THE MEETING; AND

2 (III) AT THE MEETING, 50 PERCENT OF THE MEMBERS PRESENT AND  
3 VOTING DISAPPROVE THE PROPOSED RULE, AND THE MEMBERS VOTING TO  
4 DISAPPROVE THE PROPOSED RULE ARE MORE THAN 33 PERCENT OF THE TOTAL  
5 VOTES IN THE COOPERATIVE HOUSING CORPORATION.

6 (2) DURING THE SPECIAL MEETINGS HELD UNDER PARAGRAPH (1) OF  
7 THIS SUBSECTION, MEMBERS, TENANTS, AND LENDERS MAY COMMENT ON THE  
8 PROPOSED RULE.

9 (3) A SPECIAL MEETING HELD UNDER PARAGRAPH (1) OF THIS  
10 SUBSECTION SHALL BE HELD:

11 (I) AFTER THE MEMBERS HAVE AT LEAST 15 DAYS' WRITTEN  
12 NOTICE OF THE MEETING; AND

13 (II) WITHIN 30 DAYS AFTER THE DAY ON WHICH THE PETITION IS  
14 RECEIVED BY THE BODY.

15 (C) (1) EACH MEMBER OR TENANT MAY REQUEST AN INDIVIDUAL  
16 EXCEPTION TO A RULE ADOPTED WHILE THE INDIVIDUAL WAS THE MEMBER OR  
17 TENANT OF THE COOPERATIVE HOUSING CORPORATION.

18 (2) THE REQUEST FOR AN INDIVIDUAL EXCEPTION UNDER PARAGRAPH  
19 (1) OF THIS SUBSECTION SHALL BE:

20 (I) IN WRITING;

21 (II) FILED WITH THE BODY THAT VOTED TO ADOPT THE PROPOSED  
22 RULE; AND

23 (III) FILED WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE  
24 RULE.

25 (D) (1) A RULE ADOPTED UNDER THIS SECTION SHALL STATE THAT THE  
26 RULE WAS ADOPTED UNDER THE PROVISIONS OF THIS SECTION.

27 (2) A RULE MAY NOT BE ADOPTED UNDER THIS SECTION ON OR AFTER  
28 OCTOBER 1, 2005, IF THE RULE IS INCONSISTENT WITH THE ARTICLES OF  
29 INCORPORATION OR BYLAWS OF THE COOPERATIVE HOUSING CORPORATION.

30 (3) THIS SECTION DOES NOT APPLY TO RULES ADOPTED BEFORE  
31 OCTOBER 1, 2005.

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**Article - Real Property**

2 11B-111.5.

3 (A) THE BOARD OF DIRECTORS OF THE HOMEOWNERS ASSOCIATION MAY  
4 ADOPT REASONABLE RULES FOR THE HOMEOWNERS ASSOCIATION PERTAINING TO  
5 THE COMMON AREAS AND LOTS IF THE BOARD OF DIRECTORS COMPLIES WITH THE  
6 FOLLOWING PROCEDURES:

7 (1) EACH LOT OWNER IS MAILED OR DELIVERED:

8 (I) A COPY OF THE PROPOSED RULE;

9 (II) NOTICE THAT LOT OWNERS ARE PERMITTED TO SUBMIT  
10 WRITTEN COMMENTS ON THE PROPOSED RULE; AND

11 (III) NOTICE OF THE PROPOSED EFFECTIVE DATE OF THE  
12 PROPOSED RULE;

13 (2) (I) BEFORE A VOTE IS TAKEN ON THE PROPOSED RULE, AN OPEN  
14 MEETING IS HELD TO ALLOW EACH LOT OWNER OR TENANT TO COMMENT ON THE  
15 PROPOSED RULE; AND

16 (II) THE MEETING HELD UNDER SUBPARAGRAPH (I) OF THIS  
17 PARAGRAPH MAY NOT BE HELD UNLESS:

18 1. EACH LOT OWNER RECEIVES WRITTEN NOTICE AT LEAST  
19 15 DAYS BEFORE THE MEETING; AND

20 2. A QUORUM OF THE BOARD OF DIRECTORS OF THE  
21 HOMEOWNERS ASSOCIATION IS PRESENT; AND

22 (3) AFTER NOTICE HAS BEEN GIVEN TO LOT OWNERS AS PROVIDED IN  
23 THIS SUBSECTION, THE PROPOSED RULE IS PASSED AT A REGULAR OR SPECIAL  
24 MEETING OF THE BOARD OF DIRECTORS BY A MAJORITY VOTE OF THOSE PRESENT  
25 AND VOTING.

26 (B) (1) THE VOTE ON THE PROPOSED RULE SHALL BE FINAL UNLESS:

27 (I) WITHIN 15 DAYS AFTER THE VOTE TO ADOPT THE PROPOSED  
28 RULE, 15 PERCENT OF THE LOT OWNERS SIGN AND FILE A PETITION WITH THE BODY  
29 THAT VOTED TO ADOPT THE PROPOSED RULE CALLING FOR A SPECIAL MEETING;

30 (II) A QUORUM OF THE LOT OWNERS ATTENDS THE MEETING; AND

31 (III) AT THE MEETING, 50 PERCENT OF THE LOT OWNERS PRESENT  
32 AND VOTING DISAPPROVE THE PROPOSED RULE, AND THE LOT OWNERS VOTING TO  
33 DISAPPROVE THE PROPOSED RULE ARE MORE THAN 33 PERCENT OF THE TOTAL  
34 VOTES IN THE HOMEOWNERS ASSOCIATION.

1           (2)     DURING THE SPECIAL MEETINGS HELD UNDER PARAGRAPH (1) OF  
2 THIS SUBSECTION, LOT OWNERS, TENANTS, AND MORTGAGEES MAY COMMENT ON  
3 THE PROPOSED RULE.

4           (3)     A SPECIAL MEETING HELD UNDER PARAGRAPH (1) OF THIS  
5 SUBSECTION SHALL BE HELD:

6                   (I)     AFTER THE LOT OWNERS HAVE AT LEAST 15 DAYS' WRITTEN  
7 NOTICE OF THE MEETING; AND

8                   (II)    WITHIN 30 DAYS AFTER THE DAY ON WHICH THE PETITION IS  
9 RECEIVED BY THE BODY.

10    (C)    (1)     EACH LOT OWNER OR TENANT MAY REQUEST AN INDIVIDUAL  
11 EXCEPTION TO A RULE ADOPTED WHILE THE INDIVIDUAL WAS THE LOT OWNER OR  
12 TENANT OF THE HOMEOWNERS ASSOCIATION

13           (2)     THE REQUEST FOR AN INDIVIDUAL EXCEPTION UNDER PARAGRAPH  
14 (1) OF THIS SUBSECTION SHALL BE:

15                   (I)     IN WRITING;

16                   (II)    FILED WITH THE BODY THAT VOTED TO ADOPT THE PROPOSED  
17 RULE; AND

18                   (III)   FILED WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE  
19 RULE.

20    (D)    (1)     A RULE ADOPTED UNDER THIS SECTION SHALL STATE THAT THE  
21 RULE WAS ADOPTED UNDER THE PROVISIONS OF THIS SECTION.

22           (2)     A RULE MAY NOT BE ADOPTED UNDER THIS SECTION ON OR AFTER  
23 OCTOBER 1, 2005, IF THE RULE IS INCONSISTENT WITH THE DECLARATION OR  
24 BYLAWS OF THE HOMEOWNERS ASSOCIATION.

25           (3)     THIS SECTION DOES NOT APPLY TO RULES ADOPTED BEFORE  
26 OCTOBER 1, 2005.

27    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2005.