

HOUSE BILL 36

N1, C1

71r0597

By: **Delegates McConkey, Boteler, Lawton, ~~and Niemann~~ Niemann, Glenn, and Shewell**

Introduced and read first time: January 17, 2007

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 7, 2007

CHAPTER _____

1 AN ACT concerning

2 **Home Financial Accountability Act of 2007**

3 FOR the purpose of clarifying the availability of certain books and records kept by or
4 on behalf of certain common ownership communities for certain purposes and to
5 certain persons; requiring the governing body of certain common ownership
6 communities, on request of a member, to compile and mail certain information
7 within a certain time; making a stylistic change; ~~repealing protection from~~
8 ~~public inspection for~~ altering certain limitations concerning public inspection of
9 certain records; ~~repealing the authority of prohibiting~~ certain common
10 ownership communities to impose from imposing certain fees other than a
11 reasonable charge imposed on a person desiring to ~~review~~ copy certain books
12 and records; providing that a charge for copying certain records may not exceed
13 a certain amount; and generally relating to access to the books and records of
14 cooperative housing associations, condominiums, and homeowners associations.

15 BY repealing and reenacting, with amendments,
16 Article – Corporations and Associations
17 Section 5–6B–18.5
18 Annotated Code of Maryland
19 (1999 Replacement Volume and 2006 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Real Property
 3 Section 11–116(c) and (d) and 11B–112(a) and (b)
 4 Annotated Code of Maryland
 5 (2003 Replacement Volume and 2006 Supplement)

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

8 **Article – Corporations and Associations**

9 5–6B–18.5.

10 (a) (1) **(I)** Except as provided in paragraph (2) of this subsection, all
 11 books and records kept by or on behalf of a cooperative housing corporation shall be
 12 made available for examination [and] **OR** copying, **OR BOTH**, by a member, a
 13 member’s mortgagee, [and] **OR** their respective duly authorized agents or attorneys,
 14 during normal business hours, and after reasonable notice.

15 **(II) IF A MEMBER REQUESTS A COPY OF FINANCIAL**
 16 **STATEMENTS OF THE COOPERATIVE HOUSING CORPORATION OR THE MINUTES**
 17 **OF A MEETING OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF**
 18 **THE COOPERATIVE HOUSING CORPORATION TO BE DELIVERED BY MAIL, THE**
 19 **BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE COOPERATIVE**
 20 **HOUSING CORPORATION SHALL COMPILE AND MAIL THE REQUESTED**
 21 **INFORMATION WITHIN 10 DAYS AFTER RECEIPT OF THE REQUEST.**

22 (2) Books and records kept by or on behalf of a cooperative housing
 23 corporation may be withheld from public inspection, **EXCEPT FOR INSPECTION BY**
 24 **THE PERSON IN INTEREST**, to the extent that they concern:

25 (i) Personnel records, **NOT INCLUDING INFORMATION ON**
 26 **INDIVIDUAL SALARIES, WAGES, BONUSES, AND OTHER COMPENSATION PAID TO**
 27 **OFFICERS;**

28 (ii) An individual’s medical records;

29 (iii) ~~¶~~An individual’s **PERSONAL** financial records, **INCLUDING**
 30 **ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES, FINANCIAL**
 31 **HISTORY OR ACTIVITIES, AND CREDITWORTHINESS;**

1 (iv)~~†~~ Records relating to business transactions that are currently
 2 in negotiation; ~~OR~~

3 ~~†(v)†~~ ~~(IV)~~ The written advice of legal counsel~~†~~; or

4 (vi) Minutes of a closed meeting of the board of directors or other
 5 governing body of the cooperative housing corporation, **UNLESS A MAJORITY OF A**
 6 **QUORUM OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE**
 7 **COOPERATIVE HOUSING CORPORATION APPROVES UNSEALING THE MINUTES**
 8 **OR A RECORDING OF THE MINUTES FOR PUBLIC INSPECTION†**.

9 (b) (1) ~~The cooperative housing corporation may impose~~ **EXCEPT FOR** a
 10 reasonable charge **IMPOSED** on a person desiring to [review or] copy the books and
 11 records, **THE COOPERATIVE HOUSING CORPORATION MAY NOT IMPOSE ANY**
 12 **CHARGES UNDER THIS SECTION.**

13 (2) **A CHARGE IMPOSED UNDER PARAGRAPH (1) OF THIS**
 14 **SUBSECTION MAY NOT EXCEED THE PREVAILING AVERAGE CHARGE BY**
 15 **COMMERCIAL COPYING SERVICES IN THE COMMUNITY.**

16 Article – Real Property

17 11–116.

18 (c) (1) (I) Except as provided in paragraph (2) of this subsection, all books
 19 and records, including insurance policies, kept by the council of unit owners shall be
 20 maintained in Maryland or within 50 miles of its borders and shall be available at
 21 some place designated by the council of unit owners within the county where the
 22 condominium is located for examination [and] **OR** copying, **OR BOTH**, by any unit
 23 owner, [his] **A UNIT OWNER’S** mortgagee, [and] **OR** their respective duly authorized
 24 agents or attorneys, during normal business hours, and after reasonable notice.

25 (II) **IF A MEMBER REQUESTS A COPY OF FINANCIAL STATEMENTS**
 26 **OF THE CONDOMINIUM OR THE MINUTES OF A MEETING OF THE BOARD OF**
 27 **DIRECTORS OR OTHER GOVERNING BODY OF THE CONDOMINIUM TO BE**
 28 **DELIVERED BY MAIL, THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY**
 29 **OF THE CONDOMINIUM SHALL COMPILE AND MAIL THE REQUESTED**
 30 **INFORMATION WITHIN 10 DAYS AFTER RECEIPT OF THE REQUEST.**

1 (2) Books and records kept by or on behalf of a council of unit owners
 2 may be withheld from public inspection, **EXCEPT FOR INSPECTION BY THE PERSON**
 3 **IN INTEREST**, to the extent that they concern:

4 (i) Personnel records, **NOT INCLUDING INFORMATION ON**
 5 **INDIVIDUAL SALARIES, WAGES, BONUSES, AND OTHER COMPENSATION PAID TO**
 6 **OFFICERS**;

7 (ii) An individual's medical records;

8 (iii) ~~¶~~An individual's **PERSONAL** financial records, **INCLUDING**
 9 **ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES, FINANCIAL**
 10 **HISTORY OR ACTIVITIES, AND CREDITWORTHINESS**;

11 (iv)~~¶~~ Records relating to business transactions that are currently
 12 in negotiation; ~~OR~~

13 ~~¶(v) (iv)~~ The written advice of legal counsel~~¶~~; or

14 (vi) Minutes of a closed meeting of the board of directors or other
 15 governing body of the council of unit owners, **UNLESS A MAJORITY OF A QUORUM OF**
 16 **THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE COUNCIL OF**
 17 **UNIT OWNERS APPROVES UNSEALING THE MINUTES OR A RECORDING OF THE**
 18 **MINUTES FOR PUBLIC INSPECTION**~~¶~~.

19 (d) ~~(1) The council of unit owners may impose~~ **EXCEPT FOR** a reasonable
 20 charge ~~upon~~ **IMPOSED ON** a person desiring to [review or] copy the books and records,
 21 **THE COUNCIL OF UNIT OWNERS MAY NOT IMPOSE ANY CHARGES UNDER THIS**
 22 **SECTION**.

23 **(2) A CHARGE IMPOSED UNDER PARAGRAPH (1) OF THIS**
 24 **SUBSECTION MAY NOT EXCEED THE PREVAILING AVERAGE CHARGE BY**
 25 **COMMERCIAL COPYING SERVICES IN THE COMMUNITY**.

26 11B-112.

27 (a) (1) Subject to the provisions of paragraph (2) of this subsection, all
 28 books and records kept by or on behalf of the homeowners association shall be made
 29 available for examination [and] **OR** copying, **OR BOTH**, by a lot owner, a lot owner's

1 mortgagee, [and] **OR** their respective duly authorized agents or attorneys, during
2 normal business hours, and after reasonable notice.

3 (2) Books and records kept by or on behalf of a homeowners
4 association may be withheld from public inspection, **EXCEPT FOR INSPECTION BY**
5 **THE PERSON IN INTEREST**, to the extent that they concern:

6 (i) Personnel records, **NOT INCLUDING INFORMATION ON**
7 **INDIVIDUAL SALARIES, WAGES, BONUSES, AND OTHER COMPENSATION PAID TO**
8 **OFFICERS**;

9 (ii) An individual's medical records;

10 (iii) ~~¶~~An individual's **PERSONAL** financial records, **INCLUDING**
11 **ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES, FINANCIAL**
12 **HISTORY OR ACTIVITIES, AND CREDITWORTHINESS**;

13 (iv) ~~¶~~ Records relating to business transactions that are currently
14 in negotiation; ~~OR~~

15 ~~¶(v) (iv)~~ The written advice of legal counsel~~¶~~; or

16 (vi) Minutes of a closed meeting of the governing body of the
17 homeowners association~~¶~~, **UNLESS A MAJORITY OF A QUORUM OF THE GOVERNING**
18 **BODY OF THE HOMEOWNERS ASSOCIATION APPROVES UNSEALING THE MINUTES**
19 **OR A RECORDING OF THE MINUTES FOR PUBLIC INSPECTION**.

20 (b) **(1)** ~~The homeowners association may impose~~ **EXCEPT FOR** a
21 reasonable charge ~~upon~~ **IMPOSED ON** a person desiring to [review or] copy the books
22 and records, **THE HOMEOWNERS ASSOCIATION MAY NOT IMPOSE ANY CHARGES**
23 **UNDER THIS SECTION**.

24 **(2)** **A CHARGE IMPOSED UNDER PARAGRAPH (1) OF THIS**
25 **SUBSECTION MAY NOT EXCEED THE PREVAILING AVERAGE CHARGE BY**
26 **COMMERCIAL COPYING SERVICES IN THE COMMUNITY**.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2007.