

HOUSE BILL 42

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HB 36/07 – ENV

(PRE-FILED)

8lr1022

By: **Delegates McConkey, Weir, Boteler, Hucker, Holmes, Bobo, and Glenn**

Requested: November 9, 2007

Introduced and read first time: January 9, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Home Financial Accountability Act of 2008**

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; altering certain limitations
8 concerning public inspection of certain records; prohibiting certain common
9 ownership communities from imposing certain fees other than a reasonable
10 charge imposed on a person desiring to copy certain books and records;
11 providing that a charge for copying certain records may not exceed a certain
12 amount; and generally relating to access to the books and records of cooperative
13 housing associations, condominiums, and homeowners associations.

14 BY repealing and reenacting, with amendments,
15 Article – Corporations and Associations
16 Section 5–6B–18.5
17 Annotated Code of Maryland
18 (2007 Replacement Volume)

19 BY repealing and reenacting, with amendments,
20 Article – Real Property
21 Section 11–116(c) and (d) and 11B–112(a) and (b)
22 Annotated Code of Maryland
23 (2003 Replacement Volume and 2007 Supplement)

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

26 **Article – Corporations and Associations**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 5-6B-18.5.

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

7 (II) **IF A MEMBER REQUESTS A COPY OF FINANCIAL**
8 **STATEMENTS OF THE COOPERATIVE HOUSING CORPORATION OR THE MINUTES**
9 **OF A MEETING OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF**
10 **THE COOPERATIVE HOUSING CORPORATION TO BE DELIVERED BY MAIL, THE**
11 **BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE COOPERATIVE**
12 **HOUSING CORPORATION SHALL COMPILE AND MAIL THE REQUESTED**
13 **INFORMATION WITHIN 10 DAYS AFTER RECEIPT OF THE REQUEST.**

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

17 (i) Personnel records, **NOT INCLUDING INFORMATION ON**
18 **INDIVIDUAL SALARIES, WAGES, BONUSSES, AND OTHER COMPENSATION PAID TO**
19 **EMPLOYEES;**

20 (ii) An individual's medical records;

21 (iii) An individual's **PERSONAL** financial records, **INCLUDING**
22 **ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES, FINANCIAL**
23 **HISTORY OR ACTIVITIES, AND CREDITWORTHINESS;**

24 (iv) Records relating to business transactions that are currently
25 in negotiation;

26 (v) The written advice of legal counsel; or

27 (vi) Minutes of a closed meeting of the board of directors or other
28 governing body of the cooperative housing corporation, **UNLESS A MAJORITY OF A**
29 **QUORUM OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE**
30 **COOPERATIVE HOUSING CORPORATION APPROVES UNSEALING THE MINUTES**
31 **OR A RECORDING OF THE MINUTES FOR PUBLIC INSPECTION.**

32 (b) (1) [The cooperative housing corporation may impose] **EXCEPT FOR** a
33 reasonable charge **IMPOSED** on a person desiring to [review or] copy the books and

1 records, **THE COOPERATIVE HOUSING CORPORATION MAY NOT IMPOSE ANY**
2 **CHARGES UNDER THIS SECTION.**

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

6 **Article – Real Property**

7 11–116.

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

16 (II) **IF A MEMBER REQUESTS A COPY OF FINANCIAL**
17 **STATEMENTS OF THE CONDOMINIUM OR THE MINUTES OF A MEETING OF THE**
18 **BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE CONDOMINIUM TO**
19 **BE DELIVERED BY MAIL, THE BOARD OF DIRECTORS OR OTHER GOVERNING**
20 **BODY OF THE CONDOMINIUM 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 council of unit owners
23 may be withheld from public inspection, **EXCEPT FOR INSPECTION BY THE PERSON**
24 **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 **EMPLOYEES;**

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;**

32 (iv) Records relating to business transactions that are currently
33 in negotiation;

34 (v) The written advice of legal counsel; or

1 (vi) Minutes of a closed meeting of the board of directors or other
2 governing body of the council of unit owners, **UNLESS A MAJORITY OF A QUORUM OF**
3 **THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF THE COUNCIL OF**
4 **UNIT OWNERS APPROVES UNSEALING THE MINUTES OR A RECORDING OF THE**
5 **MINUTES FOR PUBLIC INSPECTION.**

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

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

13 11B-112.

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

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

22 (i) Personnel records, **NOT INCLUDING INFORMATION ON**
23 **INDIVIDUAL SALARIES, WAGES, BONUSES, AND OTHER COMPENSATION PAID TO**
24 **EMPLOYEES;**

25 (ii) An individual's medical records;

26 (iii) An individual's **PERSONAL** financial records, **INCLUDING**
27 **ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES, FINANCIAL**
28 **HISTORY OR ACTIVITIES, AND CREDITWORTHINESS;**

29 (iv) Records relating to business transactions that are currently
30 in negotiation;

31 (v) The written advice of legal counsel; or

32 (vi) Minutes of a closed meeting of the governing body of the
33 homeowners association, **UNLESS A MAJORITY OF A QUORUM OF THE GOVERNING**

1 **BODY OF THE HOMEOWNERS ASSOCIATION APPROVES UNSEALING THE MINUTES**
2 **OR A RECORDING OF THE MINUTES FOR PUBLIC INSPECTION.**

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2008.