

# SENATE BILL 95

N1

8lr1239

(PRE-FILED)

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By: **Senator Benson**

Requested: November 15, 2017

Introduced and read first time: January 10, 2018

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums and Homeowners Associations – Voting, Records, and Conflicts**  
3 **of Interest**

4 FOR the purpose of prohibiting certain meetings of a council of unit owners of a  
5 condominium or of a homeowners association to be held on less than a certain period  
6 of notice; requiring certain meeting notices for condominiums and homeowners  
7 associations to include certain information; prohibiting certain receivers from voting  
8 on behalf of certain unit owners or lot owners; authorizing a council of unit owners  
9 or homeowners association to prohibit certain unit owners or lot owners from voting  
10 on certain matters under certain circumstances; establishing that certain activities  
11 may be prosecuted as certain crimes; prohibiting certain persons from purchasing  
12 certain foreclosed units or lots under certain circumstances; requiring the books and  
13 records of a condominium and homeowners association to include certain bids;  
14 requiring certain documents to be made available for examination or copying by  
15 certain tenants under certain circumstances; requiring a council of unit owners of a  
16 condominium with a certain number of units and a homeowners association with a  
17 certain number of lots to maintain a certain website and to post certain documents  
18 and information to the website in a certain manner; prohibiting a certain member of  
19 the governing body of a condominium or homeowners association from accessing  
20 certain books and records except under certain circumstances; prohibiting a council  
21 of unit owners and a homeowners association from entering into certain contracts  
22 unless certain conflicts of interest are disclosed; establishing that certain contracts  
23 entered into by a council of unit owners or a homeowners association are void under  
24 certain circumstances; requiring a member of a governing body of a council of unit  
25 owners and a member of the governing body of a homeowners association to disclose  
26 certain conflicts of interest; establishing that there is a rebuttable presumption that  
27 a conflict of interest exists under certain circumstances; requiring a council of unit  
28 owners and homeowners association to vote on whether to engage in certain proposed  
29 activities under certain circumstances; requiring a certain conflict of interest to be  
30 documented in a certain manner; prohibiting certain persons from owning more than

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 a certain percentage of units in a condominium or lots in a homeowners association  
 2 under certain circumstances; prohibiting a council of unit owners and homeowners  
 3 association from hiring certain attorneys under certain circumstances; defining a  
 4 certain term; and generally relating to voting, records, and conflicts of interest in  
 5 condominiums and homeowners associations.

6 BY repealing and reenacting, with amendments,

7 Article – Real Property

8 Section 11–109(c), 11–110, 11–116, 11B–111.4, 11B–112, and 11B–117

9 Annotated Code of Maryland

10 (2015 Replacement Volume and 2017 Supplement)

11 BY adding to

12 Article – Real Property

13 Section 11–109.4, 11–130.1, 11B–112.3, and 11B–115.2

14 Annotated Code of Maryland

15 (2015 Replacement Volume and 2017 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

17 That the Laws of Maryland read as follows:

18 **Article – Real Property**

19 11–109.

20 (c) (1) A meeting of the council of unit owners or board of directors may not be  
 21 held on less notice than required by this section.

22 (2) The council of unit owners shall maintain a current roster of names and  
 23 addresses of each unit owner to which notice of meetings of the board of directors shall be  
 24 sent at least annually.

25 (3) Each unit owner shall furnish the council of unit owners with his name  
 26 and current mailing address. A unit owner may not vote at meetings of the council of unit  
 27 owners until this information is furnished.

28 (4) (I) A regular or special meeting of the council of unit owners may  
 29 not be held on less than [10] 30 nor more than 90 days’:

30 [(i)] 1. Written notice delivered or mailed to each unit owner at  
 31 the address shown on the roster on the date of the notice; or

32 [(ii)] 2. Notice sent to each unit owner by electronic transmission,  
 33 if the requirements of § 11–139.1 of this title are met.

34 (II) THE NOTICE UNDER SUBPARAGRAPH (I) OF THIS

1 **PARAGRAPH SHALL INCLUDE A COPY OF THE PROPOSED AGENDA FOR THE MEETING.**

2 (5) Notice of special meetings of the board of directors shall be given:

3 (i) As provided in the bylaws; or

4 (ii) If the requirements of § 11-139.1 of this title are met, by  
5 electronic transmission.

6 (6) Except as provided in § 11-109.1 of this title, a meeting of a governing  
7 body shall be open and held at a time and location as provided in the notice or bylaws.

8 (7) (i) This paragraph does not apply to any meeting of the governing  
9 body that occurs at any time before the meeting at which the unit owners elect officers or a  
10 board of directors in accordance with paragraph (16) of this subsection.

11 (ii) Subject to subparagraph (iii) of this paragraph and to reasonable  
12 rules adopted by the governing body under § 11-111 of this title, a governing body shall  
13 provide a designated period of time during a meeting to allow unit owners an opportunity  
14 to comment on any matter relating to the condominium.

15 (iii) During a meeting at which the agenda is limited to specific topics  
16 or at a special meeting, the unit owners' comments may be limited to the topics listed on  
17 the meeting agenda.

18 (iv) The governing body shall convene at least one meeting each year  
19 at which the agenda is open to any matter relating to the condominium.

20 (8) (i) Unless the bylaws provide otherwise, a quorum is deemed  
21 present throughout any meeting of the council of unit owners if persons entitled to cast 25  
22 percent of the total number of votes appurtenant to all units are present in person or by  
23 proxy.

24 (ii) If the number of persons present in person or by proxy at a  
25 properly called meeting of the council of unit owners is insufficient to constitute a quorum,  
26 another meeting of the council of unit owners may be called for the same purpose if:

27 1. The notice of the meeting stated that the procedure  
28 authorized by this paragraph might be invoked; and

29 2. By majority vote, the unit owners present in person or by  
30 proxy call for the additional meeting.

31 (iii) 1. Fifteen days' notice of the time, place, and purpose of the  
32 additional meeting shall be delivered, mailed, or sent by electronic transmission if the  
33 requirements of § 11-139.1 of this title are met, to each unit owner at the address shown  
34 on the roster maintained under paragraph (2) of this subsection.

1                                   2.     The notice shall contain the quorum and voting provisions  
2 of subparagraph (iv) of this paragraph.

3                                   (iv) 1.     At the additional meeting, the unit owners present in  
4 person or by proxy constitute a quorum.

5                                   2.     Unless the bylaws provide otherwise, a majority of the  
6 unit owners present in person or by proxy:

7                                   A.     May approve or authorize the proposed action at the  
8 additional meeting; and

9                                   B.     May take any other action that could have been taken at  
10 the original meeting if a sufficient number of unit owners had been present.

11                                  (v)     This paragraph may not be construed to affect the percentage of  
12 votes required to amend the declaration or bylaws or to take any other action required to  
13 be taken by a specified percentage of votes.

14                                  (9)     At meetings of the council of unit owners each unit owner shall be  
15 entitled to cast the number of votes appurtenant to his unit. Unit owners may vote by proxy,  
16 but the proxy is effective only for a maximum period of 180 days following its issuance,  
17 unless granted to a lessee or mortgagee.

18                                  (10)    Any proxy may be revoked at any time at the pleasure of the unit owner  
19 or unit owners executing the proxy.

20                                  (11)    A proxy who is not appointed to vote as directed by a unit owner may  
21 only be appointed for purposes of meeting quorums and to vote for matters of business  
22 before the council of unit owners, other than an election of officers and members of the  
23 board of directors.

24                                  (12)    **(I)**     Only a unit owner voting in person or by electronic transmission  
25 if the requirements of § 11–139.2 of this title are met or a proxy voting for candidates  
26 designated by a unit owner may vote for officers and members of the board of directors.

27                                  **(II)**    **IF A RECEIVER HAS BEEN APPOINTED FOR A UNIT OWNER,**  
28 **THE RECEIVER MAY NOT EXERCISE VOTING RIGHTS ON BEHALF OF THE UNIT**  
29 **OWNER.**

30                                  (13)    Unless otherwise provided in the bylaws, a unit owner may nominate  
31 himself or any other person to be an officer or member of the board of directors. A call for  
32 nominations shall be sent to all unit owners not less than 45 days before notice of an election  
33 is sent. Only nominations made at least 15 days before notice of an election shall be listed  
34 on the election ballot. Candidates shall be listed on the ballot in alphabetical order, with  
35 no indicated candidate preference. Nominations may be made from the floor at the meeting

1 at which the election to the board is held.

2 (14) Election materials prepared with funds of the council of unit owners  
3 shall list candidates in alphabetical order and may not indicate a candidate preference.

4 (15) Unless otherwise provided in this title, and subject to provisions in the  
5 bylaws requiring a different majority, decisions of the council of unit owners shall be made  
6 on a majority of votes of the unit owners listed on the current roster present and voting.

7 (16) (i) A meeting of the council of unit owners to elect a board of  
8 directors for the council of unit owners, as provided in the condominium declaration or  
9 bylaws, shall be held within:

10 1. 60 days from the date that units representing 50 percent  
11 of the votes in the condominium have been conveyed by the developer to members of the  
12 public for residential purposes; or

13 2. If a lesser percentage is specified in the declaration or  
14 bylaws of the condominium, 60 days from the date the specified lesser percentage of units  
15 in the condominium are sold to members of the public for residential purposes.

16 (ii) 1. Before the date of the meeting held under subparagraph  
17 (i) of this paragraph, the developer shall deliver to each unit owner notice that the  
18 requirements of subparagraph (i) of this paragraph have been met.

19 2. The notice shall include the date, time, and place of the  
20 meeting to elect the board of directors for the council of unit owners.

21 (iii) If a replacement board member is elected, the term of each  
22 member of the board of directors appointed by the developer shall end 10 days after the  
23 meeting is held as specified in subparagraph (i) of this paragraph.

24 (iv) Within 30 days from the date of the meeting held under  
25 subparagraph (i) of this paragraph, the developer shall deliver to the officers or board of  
26 directors for the council of unit owners, as provided in the condominium declaration or  
27 bylaws, at the developer's expense:

28 1. The documents specified in § 11–132 of this title;

29 2. The condominium funds, including operating funds,  
30 replacement reserves, investment accounts, and working capital;

31 3. The tangible property of the condominium; and

32 4. A roster of current unit owners, including mailing  
33 addresses, telephone numbers, and unit numbers, if known.

1 (v) 1. This subparagraph does not apply to a contract entered  
2 into before October 1, 2009.

3 2. A. In this subparagraph, “contract” means an  
4 agreement with a company or individual to handle financial matters, maintenance, or  
5 services for the condominium.

6 B. “Contract” does not include an agreement relating to the  
7 provision of utility services or communication systems.

8 3. Until all members of the board of directors of the  
9 condominium are elected by the unit owners at a transitional meeting as specified in  
10 subparagraph (i) of this paragraph, a contract entered into by the officers or board of  
11 directors of the condominium may be terminated, at the discretion of the board of directors  
12 and without liability for the termination, not later than 30 days after notice.

13 (vi) If the developer fails to comply with the requirements of this  
14 paragraph, an aggrieved unit owner may submit the dispute to the Division of Consumer  
15 Protection of the Office of the Attorney General under § 11–130(c) of this title.

16 **(17) A GOVERNING BODY MAY PROHIBIT A UNIT OWNER WHO OWES  
17 MORE THAN \$1,000 IN UNPAID FEES TO THE CONDOMINIUM FROM VOTING ON  
18 MATTERS RELATING TO THE CONDOMINIUM IF:**

19 **(I) THE GOVERNING BODY DELIVERS OR MAILS TO THE UNIT  
20 OWNER A NOTICE THAT CONTAINS:**

21 **1. THE AMOUNT OF UNPAID FEES; AND**

22 **2. A STATEMENT THAT 30 DAYS AFTER THE DATE OF THE  
23 NOTICE THE UNIT OWNER WILL LOSE THE RIGHT TO VOTE ON MATTERS RELATING  
24 TO THE CONDOMINIUM UNLESS THE UNIT OWNER PAYS THE AMOUNT DUE; AND**

25 **(II) THE UNIT OWNER DOES NOT PAY THE AMOUNT DUE WITHIN  
26 30 DAYS AFTER THE DATE OF THE NOTICE.**

27 **11–109.4.**

28 **(A) A PERSON WHO WILLFULLY OR KNOWINGLY OBTAINS MONEY OR A  
29 THING OF VALUE BELONGING TO THE GOVERNING BODY OF A CONDOMINIUM WITH  
30 THE INTENT TO DEPRIVE THE GOVERNING BODY OF THE MONEY OR THING OF VALUE  
31 MAY BE PROSECUTED FOR A CRIME INVOLVING THEFT UNDER TITLE 7 OF THE  
32 CRIMINAL LAW ARTICLE.**

33 **(B) A PERSON WHO USES A DEBIT CARD ISSUED IN THE NAME OF THE**

1 **GOVERNING BODY OF A CONDOMINIUM FOR AN EXPENSE THAT IS NOT A LAWFUL**  
2 **OBLIGATION OF THE GOVERNING BODY MAY BE PROSECUTED FOR CREDIT CARD**  
3 **FRAUD UNDER TITLE 8, SUBTITLE 2 OF THE CRIMINAL LAW ARTICLE.**

4 11–110.

5 (a) All common profits shall be disbursed to the unit owners, be credited to their  
6 assessments for common expenses in proportion to their percentage interests in common  
7 profits and common expenses, or be used for any other purpose as the council of unit owners  
8 decides.

9 (b) (1) Funds for the payment of current common expenses and for the creation  
10 of reserves for the payment of future common expenses shall be obtained by assessments  
11 against the unit owners in proportion to their percentage interests in common expenses  
12 and common profits.

13 (2) (i) Where provided in the declaration or the bylaws, charges for  
14 utility services may be assessed and collected on the basis of usage rather than on the basis  
15 of percentage interests.

16 (ii) If provided by the declaration, assessments for expenses related  
17 to maintenance of the limited common elements may be charged to the unit owner or  
18 owners who are given the exclusive right to use the limited common elements.

19 (iii) Assessments for charges under this paragraph may be enforced  
20 in the same manner as assessments for common expenses.

21 (c) A unit owner shall be liable for all assessments, or installments thereof,  
22 coming due while he is the owner of a unit. In a voluntary grant the grantee shall be jointly  
23 and severally liable with the grantor for all unpaid assessments against the grantor for his  
24 share of the common expenses up to the time of the voluntary grant for which a statement  
25 of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor  
26 the amounts paid by the grantee for such assessments. Liability for assessments may not  
27 be avoided by waiver of the use or enjoyment of any common element or by abandonment  
28 of the unit for which the assessments are made.

29 (d) (1) Payment of assessments, together with interest, late charges, if any,  
30 costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien  
31 on a unit in accordance with the provisions of the Maryland Contract Lien Act.

32 (2) Suit for any deficiency following foreclosure may be maintained in the  
33 same proceeding, and suit to recover any money judgment for unpaid assessments may also  
34 be maintained in the same proceeding, without waiving the right to seek to impose a lien  
35 under the Maryland Contract Lien Act.

36 (e) (1) Any assessment, or installment thereof, not paid when due shall bear  
37 interest, at the option of the council of unit owners, from the date when due until paid at

1 the rate provided in the bylaws, not exceeding 18 percent per annum, and if no rate is  
2 provided, then at 18 percent per annum.

3 (2) The bylaws also may provide for a late charge of \$15 or one tenth of the  
4 total amount of any delinquent assessment or installment, whichever is greater, provided  
5 the charge may not be imposed more than once for the same delinquent payment and may  
6 only be imposed if the delinquency has continued for at least 15 calendar days.

7 (3) If the declaration or bylaws provide for an annual assessment payable  
8 in regular installments, the declaration or bylaws may further provide that if a unit owner  
9 fails to pay an installment when due, the council of unit owners may demand payment of  
10 the remaining annual assessment coming due within that fiscal year. A demand by the  
11 council is not enforceable unless the council, within 15 days of a unit owner's failure to pay  
12 an installment, notifies the unit owner that if the unit owner fails to pay the monthly  
13 installment within 15 days of the notice, full payment of the remaining annual assessment  
14 will then be due and shall constitute a lien on the unit as provided in this section.

15 (f) (1) This subsection does not limit or affect the priority of any lien, secured  
16 interest, or other encumbrance with priority that is held by or for the benefit of, purchased  
17 by, assigned to, or securing any indebtedness to:

18 (i) The State or any county or municipal corporation in the State;

19 (ii) Any unit of State government or the government of any county  
20 or municipal corporation in the State; or

21 (iii) An instrumentality of the State or any county or municipal  
22 corporation in the State.

23 (2) In the case of a foreclosure of a mortgage or deed of trust on a unit in a  
24 condominium, a portion of the condominium's liens on the unit, as prescribed in paragraph  
25 (3) of this subsection, shall have priority over a claim of the holder of a first mortgage or a  
26 first deed of trust that is recorded against the unit on or after October 1, 2011.

27 (3) The portion of the condominium's liens that has priority under  
28 paragraph (2) of this subsection:

29 (i) Shall consist solely of not more than 4 months, or the equivalent  
30 of 4 months, of unpaid regular assessments for common expenses that are levied by the  
31 condominium in accordance with the requirements of the declaration or bylaws of the  
32 condominium;

33 (ii) May not include:

34 1. Interest;

35 2. Costs of collection;

- 1                                   3.     Late charges;
- 2                                   4.     Fines;
- 3                                   5.     Attorney's fees;
- 4                                   6.     Special assessments; or
- 5                                   7.     Any other costs or sums due under the declaration or  
6 bylaws of the condominium or as provided under any contract, law, or court order; and
- 7                                   (iii)   May not exceed a maximum of \$1,200.

8                                   (4)   (i)     Subject to subparagraph (ii) of this paragraph, at the request of  
9 the holder of a first mortgage or first deed of trust on a unit in a condominium, the  
10 governing body shall provide to the holder written information about the portion of any lien  
11 filed under the Maryland Contract Lien Act that has priority as prescribed under  
12 paragraph (3) of this subsection, including information that is sufficient to allow the holder  
13 to determine the basis for the portion of the lien that has priority.

14                                   (ii)   At the time of making a request under subparagraph (i) of this  
15 paragraph, the holder shall provide the governing body of the condominium with the  
16 written contact information of the holder.

17                                   (iii)   If the governing body of the condominium fails to provide written  
18 information to the holder under subparagraph (i) of this paragraph within 30 days after  
19 the filing of the statement of lien among the land records of each county in which the  
20 condominium is located, the portion of the condominium's liens does not have priority as  
21 prescribed under paragraph (2) of this subsection.

22                                   **(G)   (1)   A PERSON LISTED IN PARAGRAPH (2) OF THIS SUBSECTION MAY**  
23 **NOT PURCHASE A CONDOMINIUM UNIT:**

24                                   **(I)    FORECLOSED UNDER THIS SECTION; OR**

25                                   **(II)   SOLD IN LIEU OF A FORECLOSURE UNDER THIS SECTION.**

26                                   **(2)    THE PROHIBITION IN PARAGRAPH (1) OF THIS SUBSECTION**  
27 **APPLIES TO:**

28                                   **(I)    A MEMBER OF THE BOARD OF DIRECTORS OF A COUNCIL OF**  
29 **UNIT OWNERS;**

30                                   **(II)   A PERSON THAT IS EMPLOYED BY THE CONDOMINIUM TO**  
31 **PROVIDE MANAGEMENT OR MAINTENANCE SERVICES; AND**

1                   **(III) AN EMPLOYEE OF A PERSON LISTED IN ITEM (II) OF THIS**  
2 **PARAGRAPH.**

3 11–116.

4           (a)   **(1)**   The council of unit owners shall keep books and records in accordance  
5 with good accounting practices on a consistent basis.

6                   **(2) THE BOOKS AND RECORDS SHALL INCLUDE BIDS FOR MATERIALS,**  
7 **EQUIPMENT, AND SERVICES.**

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

12           (c)   (1)   (i)   Except as provided in paragraph (3) of this subsection, all books  
13 and records, including insurance policies, kept by the council of unit owners shall be  
14 maintained in Maryland or within 50 miles of its borders and shall be available at some  
15 place designated by the council of unit owners for examination or copying, or both, by any  
16 unit owner, a unit owner’s mortgagee, or their respective duly authorized agents or  
17 attorneys, during normal business hours, and after reasonable notice.

18                   (ii)   If a unit owner requests in writing a copy of financial statements  
19 of the condominium or the minutes of a meeting of the board of directors or other governing  
20 body of the condominium to be delivered, the board of directors or other governing body of  
21 the condominium shall compile and send the requested information by mail, electronic  
22 transmission, or personal delivery:

23                               1.   Within 21 days after receipt of the written request, if the  
24 financial statements or minutes were prepared within the 3 years immediately preceding  
25 receipt of the request; or

26                               2.   Within 45 days after receipt of the written request, if the  
27 financial statements or minutes were prepared more than 3 years before receipt of the  
28 request.

29                   **(III) THE DECLARATION, BYLAWS, AND RULES OF A**  
30 **CONDOMINIUM SHALL BE MADE AVAILABLE FOR EXAMINATION OR COPYING BY A**  
31 **TENANT OF A UNIT OWNER DURING NORMAL BUSINESS HOURS AND AFTER**  
32 **REASONABLE NOTICE.**

33           (2)   Books and records required to be made available under paragraph (1)  
34 of this subsection shall first be made available to a unit owner not later than 15 business  
35 days after a unit is conveyed from a developer and the unit owner requests to examine or

1 copy the books and records.

2 (3) Books and records kept by or on behalf of a council of unit owners may  
3 be withheld from public inspection, except for inspection by the person who is the subject  
4 of the record or the person's designee or guardian, to the extent that they concern:

5 (i) Personnel records, not including information on individual  
6 salaries, wages, bonuses, and other compensation paid to employees;

7 (ii) An individual's medical records;

8 (iii) An individual's personal financial records, including assets,  
9 income, liabilities, net worth, bank balances, financial history or activities, and  
10 creditworthiness;

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

13 (v) 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 the board of  
16 directors or governing body that held the meeting approves unsealing the minutes or a  
17 recording of the minutes for public inspection.

18 (d) (1) Except for a reasonable charge imposed on a person desiring to review  
19 or copy the books and records or who requests delivery of information, the council of unit  
20 owners may not impose any charges under this section.

21 (2) A charge imposed under paragraph (1) of this subsection for copying  
22 books and records may not exceed the limits authorized under Title 7, Subtitle 2 of the  
23 Courts Article.

24 **(E) A PERSON WHO DESTROYS A BOOK OR RECORD KEPT BY OR ON BEHALF**  
25 **OF A COUNCIL OF UNIT OWNERS FOR THE PURPOSE OF SUPPORTING A CRIMINAL ACT**  
26 **MAY BE PROSECUTED FOR:**

27 **(1) OBSTRUCTION OF JUSTICE UNDER § 9-306 OF THE CRIMINAL**  
28 **LAW ARTICLE; OR**

29 **(2) TAMPERING WITH EVIDENCE UNDER § 9-307 OF THE CRIMINAL**  
30 **LAW ARTICLE.**

31 **(F) (1) THE COUNCIL OF UNIT OWNERS OF A CONDOMINIUM CONSISTING**  
32 **OF AT LEAST 150 UNITS SHALL MAINTAIN A WEBSITE FOR THE CONDOMINIUM.**

1           **(2) THE WEBSITE SHALL CONTAIN A SUBPAGE, WEB PORTAL, OR**  
2 **OTHER PROTECTED ELECTRONIC LOCATION THAT IS ACCESSIBLE ONLY TO UNIT**  
3 **OWNERS AND EMPLOYEES OF THE CONDOMINIUM THROUGH A USERNAME AND**  
4 **PASSWORD PROVIDED BY THE COUNCIL OF UNIT OWNERS TO EACH UNIT OWNER AND**  
5 **EMPLOYEE.**

6           **(3) THE COUNCIL OF UNIT OWNERS SHALL POST THE FOLLOWING**  
7 **DOCUMENTS ON THE WEBSITE IN A SUBPAGE, WEB PORTAL, OR OTHER PROTECTED**  
8 **ELECTRONIC LOCATION THAT IS NOT ACCESSIBLE TO THE GENERAL PUBLIC:**

9                   **(I) THE RECORDED DECLARATION OF THE CONDOMINIUM AND**  
10 **EACH AMENDMENT TO THE DECLARATION;**

11                   **(II) THE RECORDED BYLAWS OF THE CONDOMINIUM AND EACH**  
12 **AMENDMENT TO THE BYLAWS;**

13                   **(III) THE CURRENT RULES OF THE CONDOMINIUM;**

14                   **(IV) ANY MANAGEMENT AGREEMENT, LEASE, OR OTHER**  
15 **CONTRACT TO WHICH THE COUNCIL OF UNIT OWNERS IS A PARTY OR UNDER WHICH**  
16 **THE COUNCIL OF UNIT OWNERS HAS AN OBLIGATION OR RESPONSIBILITY;**

17                   **(V) SUMMARIES OF BIDS FOR MATERIALS, EQUIPMENT, OR**  
18 **SERVICES RECEIVED BY THE COUNCIL OF UNIT OWNERS DURING THE PRIOR YEAR;**

19                   **(VI) THE ANNUAL BUDGET OF THE CONDOMINIUM ADOPTED**  
20 **UNDER § 11-109.2 OF THIS SUBTITLE;**

21                   **(VII) ANY FINANCIAL REPORT PREPARED BY OR ON BEHALF OF**  
22 **THE COUNCIL OF UNIT OWNERS;**

23                   **(VIII) DOCUMENTS RELATED TO A CONFLICT OF INTEREST**  
24 **DISCLOSED UNDER § 11-130.1 OF THIS SUBTITLE; AND**

25                   **(IX) NOTICE OF ANY MEETING OF THE COUNCIL OF UNIT**  
26 **OWNERS, INCLUDING THE PROPOSED AGENDA OF THE MEETING.**

27           **(4) A MEETING NOTICE POSTED UNDER PARAGRAPH (3)(IX) OF THIS**  
28 **SUBSECTION SHALL BE POSTED NO LATER THAN THE DATE REQUIRED FOR MEETING**  
29 **NOTICES UNDER § 11-109(C) OF THIS SUBTITLE.**

30           **(G) (1) A MEMBER OF A GOVERNING BODY OF A CONDOMINIUM WHO HAS**  
31 **BEEN CHARGED WITH A CRIME LISTED IN PARAGRAPH (2) OF THIS SUBSECTION MAY**

1 NOT ACCESS THE BOOKS AND RECORDS OF THE CONDOMINIUM EXCEPT BY COURT  
2 ORDER WHILE THE CRIMINAL CHARGE IS PENDING.

3 (2) THE PROHIBITION IN PARAGRAPH (1) OF THIS SUBSECTION  
4 APPLIES TO A MEMBER OF A GOVERNING BODY WHO HAS BEEN CHARGED WITH:

5 (I) DESTROYING A BOOK OR RECORD KEPT BY OR ON BEHALF  
6 OF THE COUNCIL OF UNIT OWNERS;

7 (II) THEFT FROM THE CONDOMINIUM; OR

8 (III) CREDIT CARD FRAUD INVOLVING USE OF A DEBIT CARD  
9 ISSUED IN THE NAME OF THE GOVERNING BODY OF THE CONDOMINIUM.

10 11-130.1.

11 (A) IN THIS SECTION, "RELATIVE" MEANS A PERSON WHO IS RELATED TO  
12 ANOTHER PERSON WITHIN THE THIRD DEGREE OF CONSANGUINITY BY BLOOD OR  
13 MARRIAGE.

14 (B) (1) UNLESS A CONFLICT OF INTEREST IS DISCLOSED AND  
15 SUBSEQUENTLY APPROVED BY THE COUNCIL OF UNIT OWNERS AS REQUIRED UNDER  
16 SUBSECTION (C) OF THIS SECTION, A COUNCIL OF UNIT OWNERS MAY NOT ENTER  
17 INTO A CONTRACT WITH A PERSON WITH WHICH THERE IS A CONFLICT OF INTEREST.

18 (2) A CONTRACT ENTERED INTO BY A PERSON AND THE COUNCIL OF  
19 UNIT OWNERS IN WHICH THERE IS A CONFLICT OF INTEREST THAT WAS NOT  
20 DISCLOSED UNDER SUBSECTION (C) OF THIS SECTION IS VOID.

21 (C) (1) A MEMBER OF A COUNCIL OF UNIT OWNERS SHALL DISCLOSE TO  
22 THE COUNCIL OF UNIT OWNERS ANY ACTIVITY OF THE MEMBER OR A RELATIVE OF  
23 THE MEMBER THAT MAY REASONABLY BE CONSTRUED TO BE A CONFLICT OF  
24 INTEREST.

25 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,  
26 FOR THE PURPOSES OF THIS SECTION, THERE IS A REBUTTABLE PRESUMPTION  
27 THAT A CONFLICT OF INTEREST EXISTS IF:

28 (I) THE COUNCIL OF UNIT OWNERS IS CONSIDERING ENTERING  
29 INTO A CONTRACT WITH AN ENTITY THAT IS OWNED OR OPERATED BY:

30 1. A MEMBER OF THE COUNCIL OF UNIT OWNERS;

1                                   **2. A PERSON WHO HAS A FINANCIAL RELATIONSHIP**  
2 **WITH A MEMBER OF THE COUNCIL OF UNIT OWNERS; OR**

3                                   **3. A RELATIVE OF A MEMBER OF THE COUNCIL OF UNIT**  
4 **OWNERS; OR**

5                                   **(II) A MEMBER OR A RELATIVE OF A MEMBER OF A GOVERNING**  
6 **BODY HOLDS OR PROPOSES TO GAIN AN INTEREST IN A CORPORATION, LIMITED**  
7 **LIABILITY CORPORATION, PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, OR**  
8 **OTHER BUSINESS ENTITY THAT CONDUCTS BUSINESS WITH THE CONDOMINIUM OR**  
9 **PROPOSES TO ENTER INTO A CONTRACT OR OTHER TRANSACTION WITH THE**  
10 **CONDOMINIUM.**

11                                   **(3) PARAGRAPH (2) OF THIS SUBSECTION DOES NOT APPLY IF THE**  
12 **MEMBER, PERSON WHO HAS A FINANCIAL RELATIONSHIP WITH THE MEMBER, OR**  
13 **RELATIVE OF THE MEMBER OWNS LESS THAN 1% OF THE EQUITY SHARES IN THE**  
14 **PERSON OR BUSINESS ENTITY WITH WHICH THE COUNCIL OF UNIT OWNERS IS**  
15 **CONSIDERING ENTERING INTO A PROPOSED ACTIVITY.**

16                                   **(4) (I) 1. THE COUNCIL OF UNIT OWNERS SHALL VOTE ON**  
17 **WHETHER TO ENGAGE IN ANY PROPOSED ACTIVITY FOR WHICH A CONFLICT OF**  
18 **INTEREST HAS BEEN DISCLOSED UNDER THIS SUBSECTION.**

19                                   **2. THE MEMBER OF THE GOVERNING BODY FOR WHICH**  
20 **THERE IS A CONFLICT OF INTEREST MAY MAKE A PRESENTATION TO THE COUNCIL**  
21 **OF UNIT OWNERS REGARDING THE PROPOSED ACTIVITY, BUT MAY NOT PARTICIPATE**  
22 **IN ANY DISCUSSION OR VOTE UNDER SUBSUBPARAGRAPH 1 OF THIS**  
23 **SUBPARAGRAPH.**

24                                   **(II) IF THE COUNCIL OF UNIT OWNERS VOTES AGAINST A**  
25 **PROPOSED ACTIVITY UNDER THIS PARAGRAPH, THE MEMBER OF THE GOVERNING**  
26 **BODY FOR WHICH THERE IS A CONFLICT OF INTEREST SHALL NOTIFY THE COUNCIL**  
27 **OF UNIT OWNERS IN WRITING OF THE MEMBER'S INTENT TO:**

28                                   **1. NOT PURSUE THE PROPOSED ACTIVITY; OR**

29                                   **2. WITHDRAW FROM OFFICE.**

30                                   **(III) IF THE MEMBER OF THE GOVERNING BODY FOR WHICH**  
31 **THERE IS A CONFLICT OF INTEREST DOES NOT PROVIDE THE NOTIFICATION**  
32 **REQUIRED UNDER THIS PARAGRAPH, THE MEMBER MAY BE REMOVED FROM OFFICE.**

33                                   **(5) A CONFLICT OF INTEREST DISCLOSED UNDER THIS SUBSECTION**

1 AND ANY ASSOCIATED DOCUMENTATION RELATED TO THE PROPOSED ACTIVITY  
2 SHALL BE DOCUMENTED:

3 (I) IN OR ATTACHED TO THE AGENDA OR MINUTES OF THE  
4 MEETING IN WHICH THE CONFLICT OF INTEREST IS DISCLOSED; AND

5 (II) IN ANY CONTRACT EXECUTED FOR WHICH THERE IS A  
6 CONFLICT OF INTEREST UNDER THIS SUBSECTION.

7 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A PERSON  
8 THAT IS EMPLOYED BY A CONDOMINIUM TO PROVIDE MANAGEMENT OR  
9 MAINTENANCE SERVICES MAY NOT OWN MORE THAN 50% OF THE UNITS IN THE  
10 CONDOMINIUM.

11 (2) THIS SUBSECTION DOES NOT APPLY UNTIL UNITS REPRESENTING  
12 50% OF THE VOTES IN THE CONDOMINIUM HAVE BEEN CONVEYED BY THE  
13 DEVELOPER TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES.

14 (E) A COUNCIL OF UNIT OWNERS MAY NOT HIRE AN ATTORNEY TO  
15 REPRESENT THE COUNCIL OF UNIT OWNERS IF THAT ATTORNEY ALSO REPRESENTS  
16 A PERSON EMPLOYED BY THE CONDOMINIUM TO PROVIDE MANAGEMENT SERVICES.

17 11B-111.4.

18 (a) This section does not apply to any meetings of lot owners occurring at any time  
19 before the lot owners, other than the developer, have a majority of the votes in the  
20 homeowners association, as provided in the declaration.

21 (b) Subject to reasonable rules adopted by the governing body, lot owners may  
22 meet for the purpose of considering and discussing the operation of and matters relating to  
23 the operation of the homeowners association in any common areas or in any building or  
24 facility in the common areas that the governing body of the homeowners association uses  
25 for scheduled meetings.

26 (C) (1) A MEETING OF THE HOMEOWNERS ASSOCIATION MAY NOT BE  
27 HELD ON LESS THAN 30 DAYS' WRITTEN NOTICE DELIVERED OR MAILED TO EACH  
28 LOT OWNER.

29 (2) THE NOTICE DELIVERED UNDER PARAGRAPH (1) OF THIS  
30 SUBSECTION SHALL INCLUDE A COPY OF THE PROPOSED AGENDA FOR THE  
31 MEETING.

32 (D) A GOVERNING BODY MAY PROHIBIT A LOT OWNER WHO OWES MORE  
33 THAN \$1,000 IN UNPAID FEES TO THE HOMEOWNERS ASSOCIATION FROM VOTING ON

1 **MATTERS RELATING TO THE HOMEOWNERS ASSOCIATION IF:**

2 **(1) THE GOVERNING BODY DELIVERS OR MAILES TO THE LOT OWNER A**  
3 **NOTICE THAT CONTAINS:**

4 **(I) THE AMOUNT OF UNPAID FEES; AND**

5 **(II) A STATEMENT THAT 30 DAYS AFTER THE DATE OF THE**  
6 **NOTICE THE LOT OWNER WILL LOSE THE RIGHT TO VOTE ON MATTERS RELATING TO**  
7 **THE HOMEOWNERS ASSOCIATION UNLESS THE LOT OWNER PAYS THE AMOUNT DUE;**  
8 **AND**

9 **(2) THE LOT OWNER DOES NOT PAY THE AMOUNT DUE WITHIN 30 DAYS**  
10 **AFTER THE DATE OF THE NOTICE.**

11 **(E) IF A RECEIVER HAS BEEN APPOINTED FOR A LOT OWNER, THE RECEIVER**  
12 **MAY NOT EXERCISE VOTING RIGHTS ON BEHALF OF THE LOT OWNER.**

13 11B-112.

14 **(a) (1) THE BOOKS AND RECORDS OF A HOMEOWNERS ASSOCIATION**  
15 **SHALL INCLUDE BIDS FOR MATERIALS, EQUIPMENT, AND SERVICES.**

16 **[(1)] (2) (i)** Subject to the provisions of paragraph **[(2)] (3)** of this  
17 subsection, all books and records kept by or on behalf of the homeowners association shall  
18 be made available for examination or copying, or both, by a lot owner, a lot owner's  
19 mortgagee, or their respective duly authorized agents or attorneys, during normal business  
20 hours, and after reasonable notice.

21 **(ii)** Books and records required to be made available under  
22 subparagraph (i) of this paragraph shall first be made available to a lot owner no later than  
23 15 business days after a lot is conveyed by the declarant and the lot owner requests to  
24 examine or copy the books and records.

25 **(iii)** If a lot owner requests in writing a copy of financial statements  
26 of the homeowners association or the minutes of a meeting of the governing body of the  
27 homeowners association to be delivered, the governing body of the homeowners association  
28 shall compile and send the requested information by mail, electronic transmission, or  
29 personal delivery:

30 1. Within 21 days after receipt of the written request, if the  
31 financial statements or minutes were prepared within the 3 years immediately preceding  
32 receipt of the request; or

33 2. Within 45 days after receipt of the written request, if the

1 financial statements or minutes were prepared more than 3 years before receipt of the  
2 request.

3 **(IV) THE DECLARATION, BYLAWS, AND RULES OF A**  
4 **HOMEOWNERS ASSOCIATION SHALL BE MADE AVAILABLE FOR EXAMINATION OR**  
5 **COPYING BY A TENANT OF A LOT OWNER DURING NORMAL BUSINESS HOURS AND**  
6 **AFTER REASONABLE NOTICE.**

7 **[(2)] (3)** Books and records kept by or on behalf of a homeowners  
8 association may be withheld from public inspection, except for inspection by the person who  
9 is the subject of the record or the person's designee or guardian, to the extent that they  
10 concern:

11 (i) Personnel records, not including information on individual  
12 salaries, wages, bonuses, and other compensation paid to employees;

13 (ii) An individual's medical records;

14 (iii) An individual's personal financial records, including assets,  
15 income, liabilities, net worth, bank balances, financial history or activities, and  
16 creditworthiness;

17 (iv) Records relating to business transactions that are currently in  
18 negotiation;

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

20 (vi) Minutes of a closed meeting of the governing body of the  
21 homeowners association, unless a majority of a quorum of the governing body of the  
22 homeowners association that held the meeting approves unsealing the minutes or a  
23 recording of the minutes for public inspection.

24 (b) (1) Except for a reasonable charge imposed on a person desiring to review  
25 or copy the books and records or who requests delivery of information, the homeowners  
26 association may not impose any charges under this section.

27 (2) A charge imposed under paragraph (1) of this subsection for copying  
28 books and records may not exceed the limits authorized under Title 7, Subtitle 2 of the  
29 Courts Article.

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

35 (i) By § 11B-105(b) of this title except for those disclosures required

1 by paragraphs (6)(i), (8), (9), and (12);

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

4 (iii) By § 11B–107(b) of this title.

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

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

13 **(D) A PERSON WHO DESTROYS A BOOK OR RECORD KEPT BY OR ON BEHALF**  
14 **OF A HOMEOWNERS ASSOCIATION FOR THE PURPOSE OF SUPPORTING A CRIMINAL**  
15 **ACT MAY BE PROSECUTED FOR:**

16 **(1) OBSTRUCTION OF JUSTICE UNDER § 9–306 OF THE CRIMINAL**  
17 **LAW ARTICLE; OR**

18 **(2) TAMPERING WITH EVIDENCE UNDER § 9–307 OF THE CRIMINAL**  
19 **LAW ARTICLE.**

20 **(E) (1) A HOMEOWNERS ASSOCIATION CONSISTING OF AT LEAST 150**  
21 **LOTS SHALL MAINTAIN A WEBSITE FOR THE HOMEOWNERS ASSOCIATION.**

22 **(2) THE WEBSITE SHALL CONTAIN A SUBPAGE, WEB PORTAL, OR**  
23 **OTHER PROTECTED ELECTRONIC LOCATION THAT IS ACCESSIBLE ONLY TO LOT**  
24 **OWNERS AND EMPLOYEES OF THE HOMEOWNERS ASSOCIATION THROUGH A**  
25 **USERNAME AND PASSWORD PROVIDED BY THE HOMEOWNERS ASSOCIATION TO**  
26 **EACH LOT OWNER AND EMPLOYEE.**

27 **(3) THE HOMEOWNERS ASSOCIATION SHALL POST THE FOLLOWING**  
28 **DOCUMENTS ON THE WEBSITE IN A SUBPAGE, WEB PORTAL, OR OTHER PROTECTED**  
29 **ELECTRONIC LOCATION THAT IS NOT ACCESSIBLE TO THE GENERAL PUBLIC:**

30 **(I) THE RECORDED DECLARATION OF THE HOMEOWNERS**  
31 **ASSOCIATION AND EACH AMENDMENT TO THE DECLARATION;**

32 **(II) THE RECORDED BYLAWS OF THE HOMEOWNERS**  
33 **ASSOCIATION AND EACH AMENDMENT TO THE BYLAWS;**

1 (III) THE CURRENT RULES OF THE HOMEOWNERS ASSOCIATION;

2 (IV) ANY MANAGEMENT AGREEMENT, LEASE, OR OTHER  
3 CONTRACT TO WHICH THE HOMEOWNERS ASSOCIATION IS A PARTY OR UNDER  
4 WHICH THE HOMEOWNERS ASSOCIATION HAS AN OBLIGATION OR RESPONSIBILITY;

5 (V) SUMMARIES OF BIDS FOR MATERIALS, EQUIPMENT, OR  
6 SERVICES RECEIVED BY THE HOMEOWNERS ASSOCIATION DURING THE PRIOR YEAR;

7 (VI) THE ANNUAL BUDGET OF THE HOMEOWNERS ASSOCIATION  
8 ADOPTED UNDER § 11B-112.2 OF THIS SUBTITLE;

9 (VII) ANY FINANCIAL REPORT PREPARED BY OR ON BEHALF OF  
10 THE HOMEOWNERS ASSOCIATION;

11 (VIII) DOCUMENTS RELATED TO A CONFLICT OF INTEREST  
12 DISCLOSED UNDER § 11B-115.2 OF THIS SUBTITLE; AND

13 (IX) NOTICE OF ANY MEETING OF THE HOMEOWNERS  
14 ASSOCIATION OR THE GOVERNING BODY OF THE HOMEOWNERS ASSOCIATION,  
15 INCLUDING THE PROPOSED AGENDA OF THE MEETING.

16 (4) A MEETING NOTICE POSTED UNDER PARAGRAPH (3)(IX) OF THIS  
17 SUBSECTION SHALL BE POSTED NO LATER THAN THE DATE REQUIRED FOR MEETING  
18 NOTICES UNDER § 11B-111.4(C) OF THIS SUBTITLE.

19 (F) (1) A MEMBER OF A GOVERNING BODY OF A HOMEOWNERS  
20 ASSOCIATION WHO HAS BEEN CHARGED WITH A CRIME LISTED IN PARAGRAPH (2) OF  
21 THIS SUBSECTION MAY NOT ACCESS THE BOOKS AND RECORDS OF THE  
22 HOMEOWNERS ASSOCIATION EXCEPT BY COURT ORDER WHILE THE CRIMINAL  
23 CHARGE IS PENDING.

24 (2) THE PROHIBITION IN PARAGRAPH (1) OF THIS SUBSECTION  
25 APPLIES TO A MEMBER OF A GOVERNING BODY WHO HAS BEEN CHARGED WITH:

26 (I) DESTROYING A BOOK OR RECORD KEPT BY OR ON BEHALF  
27 OF THE HOMEOWNERS ASSOCIATION;

28 (II) THEFT FROM THE HOMEOWNERS ASSOCIATION; OR

29 (III) CREDIT CARD FRAUD INVOLVING USE OF A DEBIT CARD  
30 ISSUED IN THE NAME OF THE GOVERNING BODY OF THE HOMEOWNERS

1 ASSOCIATION.

2 **11B-112.3.**

3 (A) A PERSON WHO WILLFULLY OR KNOWINGLY OBTAINS MONEY OR A  
4 THING OF VALUE BELONGING TO THE GOVERNING BODY OF A HOMEOWNERS  
5 ASSOCIATION WITH THE INTENT TO DEPRIVE THE GOVERNING BODY OF THE MONEY  
6 OR THING OF VALUE MAY BE PROSECUTED, AS APPLICABLE, FOR A CRIME  
7 INVOLVING THEFT UNDER TITLE 7 OF THE CRIMINAL LAW ARTICLE.

8 (B) A PERSON WHO USES A DEBIT CARD ISSUED IN THE NAME OF THE  
9 GOVERNING BODY OF A HOMEOWNERS ASSOCIATION FOR AN EXPENSE THAT IS NOT  
10 A LAWFUL OBLIGATION OF THE GOVERNING BODY MAY BE PROSECUTED FOR CREDIT  
11 CARD FRAUD UNDER TITLE 8 OF THE CRIMINAL LAW ARTICLE.

12 **11B-115.2.**

13 (A) IN THIS SECTION, "RELATIVE" MEANS A PERSON WHO IS RELATED TO  
14 ANOTHER PERSON WITHIN THE THIRD DEGREE OF CONSANGUINITY BY BLOOD OR  
15 MARRIAGE.

16 (B) (1) UNLESS A CONFLICT OF INTEREST IS DISCLOSED AND  
17 SUBSEQUENTLY APPROVED BY THE HOMEOWNERS ASSOCIATION AS REQUIRED  
18 UNDER SUBSECTION (C) OF THIS SECTION, A HOMEOWNERS ASSOCIATION MAY NOT  
19 ENTER INTO A CONTRACT WITH A PERSON WITH WHICH THERE IS A CONFLICT OF  
20 INTEREST.

21 (2) A CONTRACT ENTERED INTO BY A PERSON AND THE  
22 HOMEOWNERS ASSOCIATION IN WHICH THERE IS A CONFLICT OF INTEREST THAT  
23 WAS NOT DISCLOSED UNDER SUBSECTION (C) OF THIS SECTION IS VOID.

24 (C) (1) A MEMBER OF A GOVERNING BODY OF A HOMEOWNERS  
25 ASSOCIATION SHALL DISCLOSE TO THE HOMEOWNERS ASSOCIATION ANY ACTIVITY  
26 OF THE MEMBER OR A RELATIVE OF THE MEMBER THAT MAY REASONABLY BE  
27 CONSTRUED AS A CONFLICT OF INTEREST.

28 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,  
29 FOR THE PURPOSES OF THIS SECTION, THERE IS A REBUTTABLE PRESUMPTION  
30 THAT A CONFLICT OF INTEREST EXISTS IF:

31 (I) THE HOMEOWNERS ASSOCIATION IS CONSIDERING  
32 ENTERING INTO A CONTRACT WITH AN ENTITY THAT IS OWNED OR OPERATED BY:

1                   1.    **A MEMBER OF THE GOVERNING BODY OF THE**  
2 **HOMEOWNERS ASSOCIATION;**

3                   2.    **A PERSON WHO HAS A FINANCIAL RELATIONSHIP**  
4 **WITH A MEMBER OF THE GOVERNING BODY OF THE HOMEOWNERS ASSOCIATION; OR**

5                   3.    **A RELATIVE OF A MEMBER OF THE GOVERNING BODY**  
6 **OF THE HOMEOWNERS ASSOCIATION; OR**

7                   **(II) A MEMBER OR RELATIVE OF A MEMBER OF THE GOVERNING**  
8 **BODY OF A HOMEOWNERS ASSOCIATION HOLDS OR PROPOSES TO GAIN AN INTEREST**  
9 **IN A CORPORATION, LIMITED LIABILITY CORPORATION, PARTNERSHIP, LIMITED**  
10 **LIABILITY PARTNERSHIP, OR OTHER BUSINESS ENTITY THAT CONDUCTS BUSINESS**  
11 **WITH THE HOMEOWNERS ASSOCIATION OR PROPOSES TO ENTER INTO A CONTRACT**  
12 **OR OTHER TRANSACTION WITH THE HOMEOWNERS ASSOCIATION.**

13                  **(3) PARAGRAPH (2) OF THIS SUBSECTION DOES NOT APPLY IF THE**  
14 **MEMBER, PERSON WHO HAS A FINANCIAL RELATIONSHIP WITH THE MEMBER, OR**  
15 **RELATIVE OF THE MEMBER OWNS LESS THAN 1% OF THE EQUITY SHARES IN THE**  
16 **PERSON OR BUSINESS ENTITY WITH WHICH THE GOVERNING BODY IS CONSIDERING**  
17 **ENTERING INTO A PROPOSED ACTIVITY.**

18                  **(4) (I) 1. THE HOMEOWNERS ASSOCIATION SHALL VOTE ON**  
19 **WHETHER TO ENGAGE IN ANY PROPOSED ACTIVITY FOR WHICH A CONFLICT OF**  
20 **INTEREST HAS BEEN DISCLOSED UNDER THIS SUBSECTION.**

21                               **2. THE MEMBER OF THE GOVERNING BODY FOR WHICH**  
22 **THERE IS A CONFLICT OF INTEREST MAY MAKE A PRESENTATION TO THE**  
23 **HOMEOWNERS ASSOCIATION REGARDING THE PROPOSED ACTIVITY BUT MAY NOT**  
24 **PARTICIPATE IN ANY DISCUSSION OR VOTE UNDER SUBSUBPARAGRAPH 1 OF THIS**  
25 **SUBPARAGRAPH.**

26                               **(II) IF THE HOMEOWNERS ASSOCIATION VOTES AGAINST A**  
27 **PROPOSED ACTIVITY UNDER THIS PARAGRAPH, THE MEMBER OF THE GOVERNING**  
28 **BODY FOR WHICH THERE IS A CONFLICT OF INTEREST SHALL NOTIFY THE**  
29 **HOMEOWNERS ASSOCIATION IN WRITING OF THE MEMBER'S INTENT TO:**

30                                       **1. NOT PURSUE THE PROPOSED ACTIVITY; OR**

31                                       **2. WITHDRAW FROM OFFICE.**

32                               **(III) IF THE MEMBER OF THE GOVERNING BODY FOR WHICH**  
33 **THERE IS A CONFLICT OF INTEREST DOES NOT PROVIDE THE NOTIFICATION**

1 **REQUIRED UNDER THIS PARAGRAPH, THE MEMBER MAY BE REMOVED FROM OFFICE.**

2 **(5) A CONFLICT OF INTEREST DISCLOSED UNDER THIS SUBSECTION**  
3 **AND ANY ASSOCIATED DOCUMENTATION RELATED TO THE PROPOSED ACTIVITY**  
4 **SHALL BE DOCUMENTED:**

5 **(I) IN OR ATTACHED TO THE AGENDA OR MINUTES OF THE**  
6 **MEETING IN WHICH THE CONFLICT OF INTEREST IS DISCLOSED; AND**

7 **(II) IN ANY CONTRACT EXECUTED FOR WHICH THERE IS A**  
8 **CONFLICT OF INTEREST UNDER THIS SUBSECTION.**

9 **(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A PERSON**  
10 **THAT IS EMPLOYED BY A HOMEOWNERS ASSOCIATION TO PROVIDE MANAGEMENT**  
11 **OR MAINTENANCE SERVICES MAY NOT OWN MORE THAN 50% OF THE LOTS IN THE**  
12 **HOMEOWNERS ASSOCIATION.**

13 **(2) THIS SUBSECTION DOES NOT APPLY UNTIL LOTS REPRESENTING**  
14 **50% OF THE VOTES IN THE HOMEOWNERS ASSOCIATION HAVE BEEN CONVEYED BY**  
15 **THE DECLARANT TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES.**

16 **(E) A HOMEOWNERS ASSOCIATION MAY NOT HIRE AN ATTORNEY TO**  
17 **REPRESENT THE HOMEOWNERS ASSOCIATION IF THAT ATTORNEY ALSO**  
18 **REPRESENTS A PERSON EMPLOYED BY THE HOMEOWNERS ASSOCIATION TO**  
19 **PROVIDE MANAGEMENT SERVICES.**

20 11B-117.

21 (a) As provided in the declaration, a lot owner shall be liable for all homeowners  
22 association assessments and charges that come due during the time that the lot owner owns  
23 the lot.

24 (b) In addition to any other remedies available at law, a homeowners association  
25 may enforce the payment of the assessments and charges provided in the declaration by  
26 the imposition of a lien on a lot in accordance with the Maryland Contract Lien Act.

27 (c) (1) This subsection does not limit or affect the priority of:

28 (i) A lien for the annual charge provided first priority over a deed of  
29 trust or mortgage by the deed, agreement, and declaration of covenants, easements,  
30 charges, and liens dated December 13, 1966, and recorded in the land records of Howard  
31 County (the Columbia Association Declaration); or

32 (ii) Any lien, secured interest, or other encumbrance with priority  
33 that is held by or for the benefit of, purchased by, assigned to, or securing any indebtedness

1 to:

- 2                   1.     The State or any county or municipal corporation in the  
3 State;
- 4                   2.     Any unit of State government or the government of any  
5 county or municipal corporation in the State; or
- 6                   3.     An instrumentality of the State or any county or municipal  
7 corporation in the State.

8                   (2)    In the case of a foreclosure of a mortgage or deed of trust on a lot in a  
9 homeowners association, a portion of the homeowners association's liens on the lot, as  
10 prescribed in paragraph (3) of this subsection, shall have priority over a claim of the holder  
11 of a first mortgage or a first deed of trust that is recorded against the lot on or after October  
12 1, 2011.

13                  (3)    The portion of the homeowners association's liens that has priority  
14 under paragraph (2) of this subsection:

15                   (i)     Shall consist solely of not more than 4 months, or the equivalent  
16 of 4 months, of unpaid regular assessments for common expenses that are levied by the  
17 homeowners association in accordance with the requirements of the declaration or bylaws  
18 of the homeowners association;

19                   (ii)    May not include:

- 20                   1.     Interest;
- 21                   2.     Costs of collection;
- 22                   3.     Late charges;
- 23                   4.     Fines;
- 24                   5.     Attorney's fees;
- 25                   6.     Special assessments; or
- 26                   7.     Any other costs or sums due under the declaration or  
27 bylaws of the homeowners association or as provided under any contract, law, or court  
28 order; and

29                   (iii)  May not exceed a maximum of \$1,200.

30                   (4)    (i)     Subject to subparagraph (ii) of this paragraph, at the request of  
31 the holder of a first mortgage or first deed of trust on a lot in a homeowners association,

1 the governing body shall provide to the holder written information about the portion of any  
2 lien filed under the Maryland Contract Lien Act that has priority as prescribed under  
3 paragraph (3) of this subsection, including information that is sufficient to allow the holder  
4 to determine the basis for the portion of the lien that has priority.

5 (ii) At the time of making a request under subparagraph (i) of this  
6 paragraph, the holder shall provide the governing body of the homeowners association with  
7 the written contact information of the holder.

8 (iii) If the governing body of the homeowners association fails to  
9 provide written information to the holder under subparagraph (i) of this paragraph within  
10 30 days after the filing of the statement of lien among the land records of each county in  
11 which the homeowners association is located, the portion of the homeowners association's  
12 liens does not have priority as prescribed under paragraph (2) of this subsection.

13 **(D) (1) A PERSON LISTED IN PARAGRAPH (2) OF THIS SUBSECTION MAY**  
14 **NOT PURCHASE A LOT:**

15 **(I) FORECLOSED UNDER THIS SECTION; OR**

16 **(II) SOLD IN LIEU OF A FORECLOSURE UNDER THIS SECTION.**

17 **(2) THE PROHIBITION IN PARAGRAPH (1) OF THIS SUBSECTION**  
18 **APPLIES TO:**

19 **(I) A MEMBER OF THE GOVERNING BODY OF A HOMEOWNERS**  
20 **ASSOCIATION;**

21 **(II) A PERSON THAT IS EMPLOYED BY THE HOMEOWNERS**  
22 **ASSOCIATION TO PROVIDE MANAGEMENT OR MAINTENANCE SERVICES; AND**

23 **(III) AN EMPLOYEE OF A PERSON LISTED IN ITEM (II) OF THIS**  
24 **PARAGRAPH.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2018.