

HOUSE BILL 105

N1
HB 140/22 – ENT

(PRE-FILED)

3lr0444

By: **Delegate Holmes**

Requested: September 21, 2022

Introduced and read first time: January 11, 2023

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 5, 2023

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Condominiums and Homeowners Associations – Governing**
3 **Bodies and Annual Meetings**

4 FOR the purpose of requiring that unit owners or lot owners have an opportunity to
5 comment during certain meetings convened by the board of directors, the developer,
6 or the declarant of a condominium or a homeowners association; requiring the
7 developer of a condominium to appoint certain persons to the board of directors for
8 the council of unit owners and to establish a board of directors if no board of directors
9 has been established; requiring a declarant to appoint certain persons to the
10 governing body of a homeowners association and to establish a governing body of the
11 homeowners association if no governing body has been established; requiring a
12 developer or a declarant to deliver certain notices regarding a certain bond; requiring
13 a council of unit owners and a homeowners association to maintain certain books and
14 records; making certain provisions of law applicable to the accounts of a
15 condominium or a homeowners association; and generally relating to the governing
16 bodies of condominium councils of unit owners and homeowners associations.

17 BY repealing and reenacting, with amendments,
18 Article – Real Property
19 Section 11–108(c)(1), 11–109(a) and (c), 11–109.4(c)(2), 11–116, 11B–106.1, 11B–111,
20 11B–111.6(d), and 11B–112(a)
21 Annotated Code of Maryland
22 (2015 Replacement Volume and 2022 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, without amendments,
2 Article – Real Property
3 Section 11–109(b), 11–114.1(d), 11–132, and 11B–101(a), (c), and (d)
4 Annotated Code of Maryland
5 (2015 Replacement Volume and 2022 Supplement)

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

8 **Article – Real Property**

9 11–108.

10 (c) (1) This subsection does not apply to any meetings of unit owners occurring
11 at any time before the unit owners elect officers or a board of directors in accordance with
12 § 11–109(c)(16)] § 11–109(C)(18) of this title.

13 11–109.

14 (a) (1) The affairs of the condominium shall be governed by a council of unit
15 owners which, even if unincorporated, is constituted a legal entity for all purposes.

16 (2) The council of unit owners shall [be comprised of] **COMPRISE** all unit
17 owners.

18 (b) The bylaws may authorize or provide for the delegation of any power of the
19 council of unit owners to a board of directors, officers, managing agent, or other person for
20 the purpose of carrying out the responsibilities of the council of unit owners.

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

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

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

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

31 (i) Written notice delivered or mailed to each unit owner at the
32 address shown on the roster on the date of the notice; or

1 (ii) Notice sent to each unit owner by electronic transmission, if the
2 requirements of § 11-139.1 of this title are met.

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

4 (i) As provided in the bylaws; or

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

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

9 (7) (i) ~~1.~~ This ~~{paragraph} SUBPARAGRAPH~~ does not apply to any
10 meeting of the governing body that occurs at any time before the meeting at which the unit
11 owners elect officers or a board of directors in accordance with paragraph [(16)] **(18)** of this
12 subsection.

13 ~~{(ii)} 2.~~ Subject to ~~{subparagraph (iii) of this paragraph}~~
14 ~~SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH~~ and to reasonable rules adopted by the
15 governing body under § 11-111 of this title, a governing body shall provide a designated
16 period of time during [a] **EACH** meeting to allow unit owners an opportunity to comment
17 on any matter relating to the condominium.

18 ~~{(iii)} 3.~~ During a meeting at which the agenda is limited to specific
19 topics or at a special meeting, the unit owners' comments may be limited to the topics listed
20 on the meeting agenda.

21 ~~{(iv)} (H)~~ The ~~{governing body} BOARD OF DIRECTORS OR THE~~
22 ~~DEVELOPER~~ shall convene at least one meeting each year at which [the]:

23 1. **THE** agenda is open to any matter relating to the
24 condominium; **AND**

25 2. **THE UNIT OWNERS HAVE AN OPPORTUNITY TO**
26 **PROVIDE COMMENT.**

27 **(8) UNTIL A MEETING IS HELD IN ACCORDANCE WITH PARAGRAPH**
28 **(18) OF THIS SUBSECTION AT WHICH THE UNIT OWNERS ELECT OFFICERS OR A**
29 **BOARD OF DIRECTORS, THE BOARD OF DIRECTORS OR THE DEVELOPER SHALL**
30 **CONVENE AT LEAST ONE MEETING EACH YEAR AT WHICH:**

31 **(I) THE AGENDA IS OPEN TO ANY MATTER RELATING TO THE**
32 **CONDOMINIUM; AND**

1 **(II) THE UNIT OWNERS HAVE AN OPPORTUNITY TO PROVIDE**
 2 **COMMENT.**

3 ~~(8)~~ **(9)** (i) Unless the bylaws provide otherwise, a quorum is deemed
 4 present throughout any meeting of the council of unit owners if persons entitled to cast 25
 5 percent of the total number of votes appurtenant to all units are present in person or by
 6 proxy.

7 (ii) If the number of persons present in person or by proxy at a
 8 properly called meeting of the council of unit owners is insufficient to constitute a quorum,
 9 an additional meeting of the council of unit owners may be called for the same purpose if:

10 1. The notice of the initial properly called meeting stated:

11 A. That the procedure authorized by this paragraph might be
 12 invoked; and

13 B. The date, time, and place of the additional meeting; and

14 2. A majority of the unit owners present vote in person or by
 15 proxy to call for the additional meeting.

16 (iii) 1. An additional meeting called under subparagraph (ii) of
 17 this paragraph shall occur not less than 15 days after the initial properly called meeting.

18 2. Not less than 10 days before the additional meeting, a
 19 separate and distinct notice of the date, time, place, and purpose of the additional meeting
 20 called under subparagraph (ii) of this paragraph shall be:

21 A. Delivered, mailed, or sent by electronic transmission if the
 22 requirements of § 11–139.1 of this title are met, to each unit owner at the address shown
 23 on the roster maintained under paragraph (2) of this subsection;

24 B. Advertised in a newspaper published in the county where
 25 the condominium is located; or

26 C. If the condominium has a website, posted on the homepage
 27 of the website.

28 3. The notice shall contain the quorum and voting provisions
 29 of subparagraph (iv) of this paragraph.

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

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

1 A. May approve or authorize the proposed action at the
2 additional meeting; and

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

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

8 ~~(9)~~ **(10)** At meetings of the council of unit owners each unit owner shall
9 be entitled to cast the number of votes appurtenant to his unit. Unit owners may vote by
10 proxy, but the proxy is effective only for a maximum period of 180 days following its
11 issuance, unless granted to a lessee or mortgagee.

12 ~~(10)~~ **(11)** Any proxy may be revoked at any time at the pleasure of the unit
13 owner or unit owners executing the proxy.

14 ~~(11)~~ **(12)** A proxy who is not appointed to vote as directed by a unit owner
15 may only be appointed for purposes of meeting quorums and to vote for matters of business
16 before the council of unit owners, other than an election of officers and members of the
17 board of directors.

18 ~~(12)~~ **(13)** Only a unit owner voting in person or by electronic transmission
19 if the requirements of § 11-139.2 of this title are met or a proxy voting for candidates
20 designated by a unit owner may vote for officers and members of the board of directors.

21 ~~(13)~~ **(14)** Unless otherwise provided in the bylaws, a unit owner may
22 nominate himself or any other person to be an officer or member of the board of directors.
23 A call for nominations shall be sent to all unit owners not less than 45 days before notice of
24 an election is sent. Only nominations made at least 15 days before notice of an election shall
25 be listed on the election ballot. Candidates shall be listed on the ballot in alphabetical order,
26 with no indicated candidate preference. Nominations may be made from the floor at the
27 meeting at which the election to the board is held.

28 ~~(14)~~ **(15)** Election materials prepared with funds of the council of unit
29 owners shall list candidates in alphabetical order and may not indicate a candidate
30 preference.

31 ~~(15)~~ **(16)** Unless otherwise provided in this title, and subject to provisions
32 in the bylaws requiring a different majority, decisions of the council of unit owners shall be
33 made on a majority of votes of the unit owners listed on the current roster present and
34 voting.

~~(16)~~ **(17) (I)** IF THERE IS A BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS ALREADY ESTABLISHED BY THE DEVELOPER, WITHIN 30 DAYS AFTER THE DATE ON WHICH UNITS REPRESENTING 25% OF THE VOTES IN THE CONDOMINIUM HAVE BEEN CONVEYED BY THE DEVELOPER TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES, THE DEVELOPER SHALL APPOINT AT LEAST ONE MEMBER TO THAT BOARD OF DIRECTORS WHO IS:

~~(H)~~ **1.** A UNIT OWNER; AND

~~(H)~~ **2.** NOT OTHERWISE AFFILIATED WITH THE DEVELOPER.

~~(17)~~ **(II)** IF NO BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS HAS BEEN ESTABLISHED BY THE DEVELOPER WITHIN 30 DAYS AFTER THE DATE ON WHICH UNITS REPRESENTING 25% OF THE VOTES IN THE CONDOMINIUM HAVE BEEN CONVEYED BY THE DEVELOPER TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES, THE DEVELOPER SHALL ESTABLISH A BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS AND SHALL APPOINT AT LEAST ONE MEMBER TO THAT BOARD OF DIRECTORS WHO IS:

~~(H)~~ **1.** A UNIT OWNER; AND

~~(H)~~ **2.** NOT OTHERWISE AFFILIATED WITH THE DEVELOPER.

(III) THE DETERMINATION OF WHEN UNITS REPRESENTING 25% OF THE VOTES IN AN EXPANDABLE CONDOMINIUM SUBJECT TO § 11-120 OF THIS TITLE HAVE BEEN CONVEYED BY THE DEVELOPER TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES SHALL BE BASED ON THE TOTAL NUMBER OF UNITS THAT MAY BE SUBJECT TO THE DECLARATION UPON FULL EXPANSION OF THE CONDOMINIUM, AS IDENTIFIED IN THE DECLARATION.

~~(16)~~ **(18) (i)** A meeting of the council of unit owners to elect a board of directors for the council of unit owners, as provided in the condominium declaration or bylaws, shall be held within:

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

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

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

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

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

6 **(IV) 1. WITHIN 15 DAYS AFTER THE DATE OF THE MEETING**
7 **HELD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEVELOPER SHALL**
8 **DELIVER BY FIRST-CLASS MAIL TO EACH MEMBER OF THE BOARD OF DIRECTORS**
9 **FOR THE COUNCIL OF UNIT OWNERS WHO IS A UNIT OWNER AND WHO IS NOT**
10 **AFFILIATED WITH THE DEVELOPER NOTICE OF:**

11 **A. ANY BOND PROVIDED BY THE DEVELOPER TO A**
12 **GOVERNMENTAL UNIT IN CONNECTION WITH THE DEVELOPMENT; AND**

13 **B. THE NAME, ADDRESS, AND PHONE NUMBER OF THE**
14 **GOVERNMENTAL UNIT THAT SERVES AS THE BOND HOLDER.**

15 **2. AT LEAST 30 DAYS BEFORE A DEVELOPER REQUESTS**
16 **TO BE RELEASED FROM A BOND PROVIDED BY THE DEVELOPER TO A**
17 **GOVERNMENTAL UNIT, THE DEVELOPER SHALL DELIVER BY FIRST-CLASS MAIL TO**
18 **EACH MEMBER OF THE BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS**
19 **WHO IS A UNIT OWNER AND WHO IS NOT AFFILIATED WITH THE DEVELOPER NOTICE**
20 **OF:**

21 **A. THE INTENTION TO BE RELEASED FROM THE BOND;**
22 **AND**

23 **B. THE NAME, ADDRESS, AND PHONE NUMBER OF THE**
24 **GOVERNMENTAL UNIT THAT SERVES AS THE BOND HOLDER.**

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

29 1. The documents specified in § 11-132 of this title;

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

32 3. The tangible property of the condominium; and

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

3 ~~[(v)] (VI)~~ The replacement reserves delivered under subparagraph
4 ~~[(iv)2] (V)2~~ of this paragraph for a residential condominium shall be equal to at least the
5 reserve funding amount recommended in the reserve study completed under § 11–109.4 of
6 this title as of the date of the meeting.

7 ~~[(vi)] (VII)~~ 1. This subparagraph does not apply to a contract
8 entered into before October 1, 2009.

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

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

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

19 ~~[(vii)] (VIII)~~ If the developer fails to comply with the requirements of
20 this paragraph, an aggrieved unit owner may submit the dispute to the Division of
21 Consumer Protection of the Office of the Attorney General under § 11–130(c) of this title.

22 11–109.4.

23 (c) (2) The governing body of the condominium shall have an independent
24 reserve study completed not less than 30 calendar days before the meeting of the council of
25 unit owners required under [§ 11–109(c)(16)] § 11–109(C)(18) of this title.

26 11–114.1.

27 (d) A copy of the fidelity insurance policy or fidelity bond shall be included in the
28 books and records kept and made available by the council of unit owners under § 11–116 of
29 this title.

30 11–116.

31 (a) The council of unit owners shall keep books and records **BEGINNING ON THE**
32 **DATE THE COUNCIL OF UNIT OWNERS IS ESTABLISHED**, in accordance with good
33 accounting practices on a consistent basis.

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

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

11 **2. ALL BOOKS AND RECORDS KEPT BY THE COUNCIL OF**
12 **UNIT OWNERS SHALL BE MAINTAINED SEPARATE AND APART FROM THE BOOKS AND**
13 **RECORDS OF THE DEVELOPER OR OF ANY OTHER PERSON.**

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

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

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

25 (2) Books and records required to be made available under paragraph (1)
26 of this subsection shall first be made available to a unit owner not later than 15 business
27 days after a unit is conveyed from a developer and the unit owner requests to examine or
28 copy the books and records.

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

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

34 (ii) An individual's medical records;

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

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

3 (v) 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 council of unit owners, unless a majority of a quorum of the board of
6 directors or governing body that held the meeting approves unsealing the minutes or a
7 recording of the minutes for public inspection.

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

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

14 11–132.

15 On transfer of control by the developer to the council of unit owners, the developer
16 shall turn over documents including:

17 (1) Copies of the condominium's filed articles of incorporation, recorded
18 declaration, and all recorded covenants, bylaws, plats, and restrictions of the condominium;

19 (2) Subject to the restrictions of § 11–116 of this title, all books and records
20 of the condominium, including financial statements, minutes of any meeting of the
21 governing body, and completed business transactions;

22 (3) Any policies, rules, and regulations adopted by the governing body;

23 (4) The financial records of the condominium from the date of creation to
24 the date of transfer of control, including budget information regarding estimated and actual
25 expenditures by the condominium and any report relating to the reserves required for major
26 repairs and replacement of the common elements of the condominium;

27 (5) A copy of all contracts to which the condominium is a party;

28 (6) The name, address, and telephone number of any contractor or
29 subcontractor employed by the condominium;

30 (7) Any insurance policies in effect and all prior insurance policies;

31 (8) Any permit or notice of code violation issued to the condominium by the
32 county, local, State, or federal government;

1 (9) Any warranty in effect;

2 (10) Drawings, architectural plans, or other suitable documents setting
3 forth the necessary information for location, maintenance, and repair of all condominium
4 facilities; and

5 (11) Individual owner files and records, including assessment account
6 records, correspondence, and notices of any violations.

7 11B-101.

8 (a) In this title the following words have the meanings indicated, unless the
9 context requires otherwise.

10 (c) "Declarant" means any person who subjects property to a declaration.

11 (d) (1) "Declaration" means an instrument, however denominated, recorded
12 among the land records of the county in which the property of the declarant is located, that
13 creates the authority for a homeowners association to impose on lots, or on the owners or
14 occupants of lots, or on another homeowners association, condominium, or cooperative
15 housing corporation any mandatory fee in connection with the provision of services or
16 otherwise for the benefit of some or all of the lots, the owners or occupants of lots, or the
17 common areas.

18 (2) "Declaration" includes any amendment or supplement to the
19 instruments described in paragraph (1) of this subsection.

20 (3) "Declaration" does not include a private right-of-way or similar
21 agreement unless it requires a mandatory fee payable annually or at more frequent
22 intervals.

23 11B-106.1.

24 (A) **(1) THE PROVISIONS OF THIS SUBSECTION APPLY TO A**
25 **DEVELOPMENT THAT CONTAINS MORE THAN 12 LOTS.**

26 **(2) IF THERE IS A BOARD OF DIRECTORS FOR THE HOMEOWNERS**
27 **ASSOCIATION ALREADY ESTABLISHED BY THE DECLARANT, WITHIN 30 DAYS AFTER**
28 **THE DATE THAT AT LEAST 25% OF THE CURRENTLY SUBDIVIDED LOTS THAT MAY BE**
29 **PART OF THE DEVELOPMENT AFTER ALL PHASES ARE COMPLETE MAXIMUM NUMBER**
30 **OF LOTS CURRENTLY PLANNED OR PERMITTED TO BE CONTAINED WITHIN THE**
31 **DEVELOPMENT HAVE BEEN CONVEYED TO MEMBERS OF THE PUBLIC FOR**
32 **RESIDENTIAL PURPOSES, THE DECLARANT SHALL APPOINT AT LEAST ONE MEMBER**
33 **TO THAT BOARD OF DIRECTORS WHO IS:**

1 ~~(1)~~ (1) A LOT OWNER; AND

2 ~~(2)~~ (II) NOT OTHERWISE AFFILIATED WITH THE DECLARANT OR A
3 VENDOR OF LOTS IN THE DEVELOPMENT.

4 ~~(B)~~ (3) IF NO BOARD OF DIRECTORS FOR THE HOMEOWNERS
5 ASSOCIATION HAS BEEN ESTABLISHED BY THE DECLARANT WHEN ~~AT LEAST 25% OF~~
6 ~~THE CURRENTLY SUBDIVIDED LOTS THAT MAY BE PART OF THE DEVELOPMENT~~
7 ~~AFTER ALL PHASES ARE COMPLETE~~ MAXIMUM NUMBER OF LOTS CURRENTLY
8 PLANNED OR PERMITTED TO BE CONTAINED WITHIN THE DEVELOPMENT HAVE BEEN
9 CONVEYED TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES, THE
10 DECLARANT SHALL ESTABLISH A BOARD OF DIRECTORS AND SHALL APPOINT AT
11 LEAST ONE MEMBER TO THAT BOARD OF DIRECTORS WHO IS:

12 ~~(1)~~ (I) A LOT OWNER; AND

13 ~~(2)~~ (II) NOT OTHERWISE AFFILIATED WITH THE DECLARANT OR A
14 VENDOR OF LOTS IN THE DEVELOPMENT.

15 (4) THE DETERMINATION OF WHEN 25% OF THE MAXIMUM NUMBER
16 OF LOTS CURRENTLY PLANNED OR PERMITTED TO BE CONTAINED WITHIN THE
17 DEVELOPMENT HAVE BEEN CONVEYED TO MEMBERS OF THE PUBLIC FOR
18 RESIDENTIAL PURPOSES SHALL BE BASED ON THE INFORMATION SUPPLIED BY THE
19 VENDOR UNDER § 11B-105(B)(3)(I) OF THIS SUBTITLE.

20 [(a)] ~~(C)~~ (B) A meeting of the members of the homeowners association to elect a
21 governing body of the homeowners association shall be held within:

22 (1) 60 days from the date that at least 75% of the total number of lots that
23 may be part of the development after all phases are complete are sold to members of the
24 public for residential purposes; or

25 (2) If a lesser percentage is specified in the governing documents of the
26 homeowners association, 60 days from the date the specified lesser percentage of the total
27 number of lots in the development after all phases are complete are sold to members of the
28 public for residential purposes.

29 [(b)] ~~(D)~~ (C) (1) Before the date of the meeting held under subsection [(a)] ~~(C)~~ (B)
30 of this section, the declarant shall deliver to each lot owner notice that the requirements of
31 subsection [(a)] ~~(C)~~ (B) of this section have been met.

32 (2) The notice shall include the date, time, and place of the meeting to elect
33 the governing body of the homeowners association.

1 [(c)] ~~(E)~~ **(D)** The term of each member of the governing body of the homeowners
2 association appointed by the declarant shall end 10 days after the meeting under subsection
3 [(a)] ~~(C)~~ **(B)** of this section is held, if a replacement board member is elected.

4 [(d)] ~~(F)~~ **(E)** Within 30 days from the date of the meeting held under subsection [(a)]
5 ~~(C)~~ **(B)** of this section, the declarant shall deliver the following items to the governing body
6 at the declarant's expense:

7 (1) The deeds to the common areas;

8 (2) Copies of the homeowners association's filed articles of incorporation,
9 declaration, and all recorded covenants, plats, restrictions, and any other records of the
10 primary development and of related developments;

11 (3) A copy of the bylaws and rules of the primary development and of other
12 related developments as filed in the depository of the county in which the development is
13 located;

14 (4) The minute books, including all minutes;

15 (5) Subject to the restrictions of § 11B-112 of this title, all books and
16 records of the homeowners association, including financial statements, minutes of any
17 meeting of the governing body, and completed business transactions;

18 (6) Any policies, rules, and regulations adopted by the governing body;

19 (7) The financial records of the homeowners association from the date of
20 creation to the date of transfer of control, including budget information regarding estimated
21 and actual expenditures by the homeowners association and any report relating to the
22 reserves required for major repairs and replacement of the common areas of the
23 homeowners association;

24 (8) A copy of all contracts to which the homeowners association is a party;

25 (9) The name, address, and telephone number of any contractor or
26 subcontractor employed by the homeowners association;

27 (10) Any insurance policies in effect;

28 (11) Any permit or notice of code violations issued to the homeowners
29 association by the county, local, State, or federal government;

30 (12) Any warranty in effect and all prior insurance policies;

31 (13) The homeowners association funds, including operating funds,
32 replacement reserves, investment accounts, and working capital;

1 (14) The tangible property of the homeowners association;

2 (15) A roster of current lot owners, including their mailing addresses,
3 telephone numbers, and lot numbers, if known;

4 (16) Individual member files and records, including assessment account
5 records, correspondence, and notices of any violations; and

6 (17) Drawings, architectural plans, or other suitable documents setting
7 forth the necessary information for location, maintenance, and repairs of all common areas.

8 ~~[(e)]~~ ~~(G)~~ **(F)** The replacement reserves delivered under subsection ~~[(d)(13)]~~ ~~(F)~~ ~~(13)~~
9 **(E)(13)** of this section shall be equal to at least the reserve funding amount recommended
10 in the reserve study completed under § 11B-112.3 of this title as of the date of the meeting.

11 ~~[(f)]~~ ~~(H)~~ **(G)** (1) This subsection does not apply to a contract entered into before
12 October 1, 2009.

13 (2) (i) In this subsection, “contract” means an agreement with a
14 company or individual to handle financial matters, maintenance, or services for the
15 homeowners association.

16 (ii) “Contract” does not include an agreement relating to the
17 provision of utility services or communication systems.

18 (3) Until all members of the governing body are elected by the lot owners
19 at a transitional meeting under subsection ~~[(a)]~~ ~~(E)~~ **(B)** of this section, a contract entered
20 into by the governing body may be terminated, at the discretion of the governing body and
21 without liability for the termination, not later than 30 days after notice.

22 ~~(H)~~ **(H)** (1) **WITHIN 15 DAYS AFTER THE DATE OF THE MEETING HELD**
23 **UNDER SUBSECTION (C) OF THIS SECTION, THE DECLARANT SHALL DELIVER BY**
24 **FIRST-CLASS MAIL TO EACH MEMBER OF THE BOARD OF DIRECTORS WHO IS A LOT**
25 **OWNER AND WHO IS NOT AFFILIATED WITH THE DECLARANT NOTICE OF:**

26 **(I) ANY BOND PROVIDED BY THE DECLARANT TO A**
27 **GOVERNMENTAL UNIT IN CONNECTION WITH THE DEVELOPMENT; AND**

28 **(II) THE NAME, ADDRESS, AND PHONE NUMBER OF THE**
29 **GOVERNMENTAL UNIT THAT SERVES AS THE BOND HOLDER.**

30 **(2) AT LEAST 30 DAYS BEFORE A DECLARANT REQUESTS TO BE**
31 **RELEASED FROM A BOND PROVIDED BY THE DECLARANT TO A GOVERNMENTAL**
32 **UNIT, THE DECLARANT SHALL DELIVER BY FIRST-CLASS MAIL TO EACH MEMBER OF**
33 **THE BOARD OF DIRECTORS WHO IS A LOT OWNER AND WHO IS NOT AFFILIATED WITH**
34 **THE DECLARANT NOTICE OF:**

1 (I) THE INTENTION TO BE RELEASED FROM THE BOND; AND

2 (II) THE NAME, ADDRESS, AND PHONE NUMBER OF THE
3 GOVERNMENTAL UNIT THAT SERVES AS THE BOND HOLDER.

4 [(g)] ~~(I)~~ If the declarant fails to comply with the requirements of this section, an
5 aggrieved lot owner may submit the dispute to the Division of Consumer Protection of the
6 Office of the Attorney General under § 11B-115(c) of this title.

7 11B-111.

8 Except as provided in this title, and notwithstanding anything contained in any of
9 the documents of the homeowners association:

10 (1) Subject to the provisions of item ~~(4)~~ (5) of this section, all meetings of
11 the homeowners association, including meetings of the board of directors or other governing
12 body of the homeowners association or a committee of the homeowners association, shall
13 be open to all members of the homeowners association or their agents;

14 (2) All members of the homeowners association shall be given reasonable
15 notice of all regularly scheduled open meetings of the homeowners association;

16 (3) (i) ~~{This item does not apply to any meeting of a governing body that~~
17 ~~occurs at any time before} AFTER the lot owners, other than the developer, have a majority~~
18 ~~of votes in the homeowners association, as provided in the declaration};~~

19 ~~{(ii)} 1.~~ Subject to item ~~{(iii)} 2~~ of this item and to reasonable rules
20 adopted by [a] THE governing body, [a] THE governing body shall provide a designated
21 period of time during [a] EACH meeting to allow lot owners an opportunity to comment on
22 any matter relating to the homeowners association; AND

23 ~~{(iii)} 2.~~ During a meeting at which the agenda is limited to specific
24 topics or at a special meeting, the lot owners' comments may be limited to the topics listed
25 on the meeting agenda; and

26 ~~{(iv)} (H)~~ The ~~{governing body} BOARD OF DIRECTORS OR THE~~
27 ~~DECLARANT~~ shall convene at least one meeting each year at which [the]:

28 1. THE agenda is open to any matter relating to the
29 homeowners association; AND

30 2. THE LOT OWNERS HAVE AN OPPORTUNITY TO
31 PROVIDE COMMENT;

1 **(4) UNTIL THE LOT OWNERS, OTHER THAN THE DEVELOPER, HAVE A**
 2 **MAJORITY OF VOTES IN THE HOMEOWNERS ASSOCIATION, AS PROVIDED IN THE**
 3 **DECLARATION, THE BOARD OF DIRECTORS OR THE DECLARANT SHALL CONVENE AT**
 4 **LEAST ONE MEETING EACH YEAR AT WHICH:**

5 **(I) THE AGENDA IS OPEN TO ANY MATTER RELATING TO THE**
 6 **HOMEOWNERS ASSOCIATION; AND**

7 **(II) THE LOT OWNERS HAVE AN OPPORTUNITY TO PROVIDE**
 8 **COMMENT;**

9 ~~(4)~~ **(5)** A meeting of the board of directors or other governing body of the
 10 homeowners association or a committee of the homeowners association may be held in
 11 closed session only for the following purposes:

12 (i) Discussion of matters pertaining to employees and personnel;

13 (ii) Protection of the privacy or reputation of individuals in matters
 14 not related to the homeowners association's business;

15 (iii) Consultation with legal counsel on legal matters;

16 (iv) Consultation with staff personnel, consultants, attorneys, board
 17 members, or other persons in connection with pending or potential litigation or other legal
 18 matters;

19 (v) Investigative proceedings concerning possible or actual criminal
 20 misconduct;

21 (vi) Consideration of the terms or conditions of a business
 22 transaction in the negotiation stage if the disclosure could adversely affect the economic
 23 interests of the homeowners association;

24 (vii) Compliance with a specific constitutional, statutory, or judicially
 25 imposed requirement protecting particular proceedings or matters from public disclosure;
 26 or

27 (viii) Discussion of individual owner assessment accounts;

28 ~~(5)~~ **(6)** If a meeting is held in closed session under item ~~(4)~~ **(5)** of this
 29 section:

30 (i) An action may not be taken and a matter may not be discussed if
 31 it is not permitted by item ~~(4)~~ **(5)** of this section; and

1 (ii) A statement of the time, place, and purpose of a closed meeting,
2 the record of the vote of each board or committee member by which the meeting was closed,
3 and the authority under this section for closing a meeting shall be included in the minutes
4 of the next meeting of the board of directors or the committee of the homeowners
5 association; and

6 ~~(6)~~ **(7)** (i) If the number of lot owners present in person or by proxy
7 at a properly called meeting is insufficient to constitute a quorum, an additional meeting
8 of the lot owners may be called for the same purpose if:

9 1. The notice of the initial properly called meeting stated:

10 A. That the procedure authorized by this item ~~(6)~~ **(7)** might
11 be invoked; and

12 B. The date, time, and place of the additional meeting; and

13 2. A majority of the lot owners present vote in person or by
14 proxy to call for the additional meeting;

15 (ii) An additional meeting called under item (i) of this item shall
16 occur not less than 15 days after the initial properly called meeting;

17 (iii) 1. Not less than 10 days before the additional meeting, a
18 separate and distinct notice of the date, time, place, and purpose of the additional meeting
19 called under item (i) of this item shall be:

20 A. Delivered, mailed, or sent by electronic transmission, if
21 the requirements of § 11B–113.1 of this title are met, to each lot owner at the address shown
22 on the roster maintained by the homeowners association;

23 B. Advertised in a newspaper published in the county where
24 the homeowners association is located; or

25 C. If the homeowners association has a website, posted on the
26 homepage of the website; and

27 2. The notice shall contain the quorum and voting provisions
28 of item (iv) of this item;

29 (iv) 1. At the additional meeting, the lot owners present in
30 person or by proxy constitute a quorum; and

31 2. Unless the bylaws provide otherwise, a majority of the lot
32 owners present in person or by proxy:

1 A. May approve or authorize the proposed action at the
2 additional meeting; and

3 B. May take any other action that could have been taken at
4 the original meeting if a sufficient number of lot owners had been present; and

5 (v) This item ~~(6)~~ **(7)** may not be construed to affect the percentage of
6 votes required to amend the declaration or bylaws or to take any other action required to
7 be taken by a specified percentage of votes.

8 11B-111.6.

9 (d) A copy of the fidelity insurance policy or fidelity bond shall be included in the
10 books [and], records, AND ACCOUNTS kept and made available by or on behalf of the
11 homeowners association under § 11B-112 of this title.

12 11B-112.

13 (a) **(1) (I) THE HOMEOWNERS ASSOCIATION SHALL MAINTAIN BOOKS**
14 **AND RECORDS BEGINNING ON THE DATE THE HOMEOWNERS ASSOCIATION IS**
15 **ESTABLISHED.**

16 **(II) ALL BOOKS AND RECORDS KEPT BY THE HOMEOWNERS**
17 **ASSOCIATION SHALL BE MAINTAINED SEPARATE AND APART FROM THE BOOKS AND**
18 **RECORDS OF THE DECLARANT OR OF ANY OTHER PERSON.**

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

24 (ii) Books and records required to be made available under
25 subparagraph (i) of this paragraph shall first be made available to a lot owner no later than
26 15 business days after a lot is conveyed by the declarant and the lot owner requests to
27 examine or copy the books and records.

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

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

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

4 **[(2)] (3)** Books and records kept by or on behalf of a homeowners
5 association may be withheld from public inspection, except for inspection by the person who
6 is the subject of the record or the person’s designee or guardian, to the extent that they
7 concern:

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

10 (ii) An individual’s medical records;

11 (iii) An individual’s personal financial records, including assets,
12 income, liabilities, net worth, bank balances, financial history or activities, and
13 creditworthiness;

14 (iv) Records relating to business transactions that are currently in
15 negotiation;

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

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2023.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.