

# HOUSE BILL 105

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HB 140/22 – ENT

(PRE-FILED)

3lr0444

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By: **Delegate Holmes**

Requested: September 21, 2022

Introduced and read first time: January 11, 2023

Assigned to: Environment and Transportation

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## A BILL ENTITLED

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 11–109(a) and (c), 11–116, 11B–106.1, 11B–111, 11B–111.6(d), and  
20 11B–112(a)

21 Annotated Code of Maryland

22 (2015 Replacement Volume and 2022 Supplement)

23 BY repealing and reenacting, without amendments,

24 Article – Real Property

25 Section 11–109(b), 11–114.1(d), 11–132, and 11B–101(a), (c), and (d)

26 Annotated Code of Maryland

27 (2015 Replacement Volume and 2022 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Real Property**

4 11–109.

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

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

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

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

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

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

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

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

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

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

27 (i) As provided in the bylaws; or

28 (ii) If the requirements of § 11–139.1 of this title are met, by  
29 electronic transmission.

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

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

5                       [(ii)] 2.    Subject to [subparagraph (iii) of this paragraph]  
6 **SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH** and to reasonable rules adopted by the  
7 governing body under § 11–111 of this title, a governing body shall provide a designated  
8 period of time during [a] **EACH** meeting to allow unit owners an opportunity to comment  
9 on any matter relating to the condominium.

10                      [(iii)] 3.    During a meeting at which the agenda is limited to specific  
11 topics or at a special meeting, the unit owners' comments may be limited to the topics listed  
12 on the meeting agenda.

13                      [(iv)] (II)   The [governing body] **BOARD OF DIRECTORS OR THE**  
14 **DEVELOPER** shall convene at least one meeting each year at which [the]:

15                                   1.    **THE** agenda is open to any matter relating to the  
16 condominium; **AND**

17                                   2.    **THE UNIT OWNERS HAVE AN OPPORTUNITY TO**  
18 **PROVIDE COMMENT.**

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

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

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

27                                   A.    That the procedure authorized by this paragraph might be  
28 invoked; and

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

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

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

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

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

7                   B.     Advertised in a newspaper published in the county where  
8 the condominium is located; or

9                   C.     If the condominium has a website, posted on the homepage  
10 of the website.

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

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

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

17                   A.     May approve or authorize the proposed action at the  
18 additional meeting; and

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

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

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

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

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

34                  (12)   Only a unit owner voting in person or by electronic transmission if the

1 requirements of § 11–139.2 of this title are met or a proxy voting for candidates designated  
2 by a unit owner may vote for officers and members of the board of directors.

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

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

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

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

21 (I) A UNIT OWNER; AND

22 (II) NOT OTHERWISE AFFILIATED WITH THE DEVELOPER.

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

30 (I) A UNIT OWNER; AND

31 (II) NOT OTHERWISE AFFILIATED WITH THE DEVELOPER.

32 **[(16)] (18)** (i) A meeting of the council of unit owners to elect a board of  
33 directors for the council of unit owners, as provided in the condominium declaration or  
34 bylaws, shall be held within:

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

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

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

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

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

15                  (IV) 1.     **WITHIN 15 DAYS AFTER THE DATE OF THE MEETING**  
16 **HELD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEVELOPER SHALL**  
17 **DELIVER TO EACH MEMBER OF THE BOARD OF DIRECTORS FOR THE COUNCIL OF**  
18 **UNIT OWNERS WHO IS A UNIT OWNER AND WHO IS NOT AFFILIATED WITH THE**  
19 **DEVELOPER NOTICE OF:**

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

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

24                  2.     **AT LEAST 30 DAYS BEFORE A DEVELOPER REQUESTS**  
25 **TO BE RELEASED FROM A BOND PROVIDED BY THE DEVELOPER TO A**  
26 **GOVERNMENTAL UNIT, THE DEVELOPER SHALL DELIVER TO EACH MEMBER OF THE**  
27 **BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS WHO IS A UNIT OWNER**  
28 **AND WHO IS NOT AFFILIATED WITH THE DEVELOPER NOTICE OF:**

29                   A.     **THE INTENTION TO BE RELEASED FROM THE BOND;**  
30 **AND**

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

33                  [(iv)] (V)     Within 30 days from the date of the meeting held under  
34 subparagraph (i) of this paragraph, the developer shall deliver to the officers or board of

1 directors for the council of unit owners, as provided in the condominium declaration or  
2 bylaws, at the developer's expense:

- 3 1. The documents specified in § 11–132 of this title;
- 4 2. The condominium funds, including operating funds,  
5 replacement reserves, investment accounts, and working capital;
- 6 3. The tangible property of the condominium; and
- 7 4. A roster of current unit owners, including mailing  
8 addresses, telephone numbers, and unit numbers, if known.

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

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

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

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

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

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

28 11–114.1.

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

32 11–116.

33 (a) The council of unit owners shall keep books and records **BEGINNING ON THE**

1 **DATE THE COUNCIL OF UNIT OWNERS IS ESTABLISHED**, in accordance with good  
2 accounting practices on a consistent basis.

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

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

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

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

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

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

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

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

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

36 (ii) An individual's medical records;



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

4 (iv) Records relating to business transactions that are currently in  
5 negotiation;

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

7 (vi) Minutes of a closed meeting of the board of directors or other  
8 governing body of the council of unit owners, unless a majority of a quorum of the board of  
9 directors or governing body that held the meeting approves unsealing the minutes or a  
10 recording of the minutes for public inspection.

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

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

17 11-132.

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

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

22 (2) Subject to the restrictions of § 11-116 of this title, all books and records  
23 of the condominium, including financial statements, minutes of any meeting of the  
24 governing body, and completed business transactions;

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

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

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

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

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

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

3 (9) Any warranty in effect;

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

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

9 11B-101.

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

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

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

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

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

25 11B-106.1.

26 **(A) 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 HAVE BEEN**  
30 **CONVEYED TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES, THE**  
31 **DECLARANT SHALL APPOINT AT LEAST ONE MEMBER TO THAT BOARD OF**  
32 **DIRECTORS WHO IS:**

33 **(1) A LOT OWNER; AND**

1           **(2) NOT OTHERWISE AFFILIATED WITH THE DECLARANT OR A**  
2 **VENDOR OF LOTS IN THE DEVELOPMENT.**

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

10           **(1) A LOT OWNER; AND**

11           **(2) NOT OTHERWISE AFFILIATED WITH THE DECLARANT OR A**  
12 **VENDOR OF LOTS IN THE DEVELOPMENT.**

13           **[(a)] (C)** A meeting of the members of the homeowners association to elect a  
14 governing body of the homeowners association shall be held within:

15           (1) 60 days from the date that at least 75% of the total number of lots that  
16 may be part of the development after all phases are complete are sold to members of the  
17 public for residential purposes; or

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

22           **[(b)] (D)** (1) Before the date of the meeting held under subsection **[(a)] (C)** of  
23 this section, the declarant shall deliver to each lot owner notice that the requirements of  
24 subsection **[(a)] (C)** of this section have been met.

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

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

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

33           (1) The deeds to the common areas;

- 1           (2) Copies of the homeowners association's filed articles of incorporation,  
2 declaration, and all recorded covenants, plats, restrictions, and any other records of the  
3 primary development and of related developments;
- 4           (3) A copy of the bylaws and rules of the primary development and of other  
5 related developments as filed in the depository of the county in which the development is  
6 located;
- 7           (4) The minute books, including all minutes;
- 8           (5) Subject to the restrictions of § 11B-112 of this title, all books and  
9 records of the homeowners association, including financial statements, minutes of any  
10 meeting of the governing body, and completed business transactions;
- 11          (6) Any policies, rules, and regulations adopted by the governing body;
- 12          (7) The financial records of the homeowners association from the date of  
13 creation to the date of transfer of control, including budget information regarding estimated  
14 and actual expenditures by the homeowners association and any report relating to the  
15 reserves required for major repairs and replacement of the common areas of the  
16 homeowners association;
- 17          (8) A copy of all contracts to which the homeowners association is a party;
- 18          (9) The name, address, and telephone number of any contractor or  
19 subcontractor employed by the homeowners association;
- 20          (10) Any insurance policies in effect;
- 21          (11) Any permit or notice of code violations issued to the homeowners  
22 association by the county, local, State, or federal government;
- 23          (12) Any warranty in effect and all prior insurance policies;
- 24          (13) The homeowners association funds, including operating funds,  
25 replacement reserves, investment accounts, and working capital;
- 26          (14) The tangible property of the homeowners association;
- 27          (15) A roster of current lot owners, including their mailing addresses,  
28 telephone numbers, and lot numbers, if known;
- 29          (16) Individual member files and records, including assessment account  
30 records, correspondence, and notices of any violations; and
- 31          (17) Drawings, architectural plans, or other suitable documents setting

1 forth the necessary information for location, maintenance, and repairs of all common areas.

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

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

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

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

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

16 **(I) (1) WITHIN 15 DAYS AFTER THE DATE OF THE MEETING HELD UNDER**  
17 **SUBSECTION (C) OF THIS SECTION, THE DECLARANT SHALL DELIVER TO EACH**  
18 **MEMBER OF THE BOARD OF DIRECTORS WHO IS A LOT OWNER AND WHO IS NOT**  
19 **AFFILIATED WITH THE DECLARANT NOTICE OF:**

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

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

24 **(2) AT LEAST 30 DAYS BEFORE A DECLARANT REQUESTS TO BE**  
25 **RELEASED FROM A BOND PROVIDED BY THE DECLARANT TO A GOVERNMENTAL**  
26 **UNIT, THE DECLARANT SHALL DELIVER TO EACH MEMBER OF THE BOARD OF**  
27 **DIRECTORS WHO IS A LOT OWNER AND WHO IS NOT AFFILIATED WITH THE**  
28 **DECLARANT NOTICE OF:**

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

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

32 ~~[(g)]~~ **(J)** If the declarant fails to comply with the requirements of this section, an  
33 aggrieved lot owner may submit the dispute to the Division of Consumer Protection of the

1 Office of the Attorney General under § 11B–115(c) of this title.

2 11B–111.

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

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

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

11 (3) (i) [This item does not apply to any meeting of a governing body that  
12 occurs at any time before] **AFTER** the lot owners, other than the developer, have a majority  
13 of votes in the homeowners association, as provided in the declaration [;]:

14 [(ii)] **1.** Subject to item [(iii)] **2** of this item and to reasonable rules  
15 adopted by [a] **THE** governing body, [a] **THE** governing body shall provide a designated  
16 period of time during [a] **EACH** meeting to allow lot owners an opportunity to comment on  
17 any matter relating to the homeowners association; **AND**

18 [(iii)] **2.** During a meeting at which the agenda is limited to specific  
19 topics or at a special meeting, the lot owners' comments may be limited to the topics listed  
20 on the meeting agenda; and

21 [(iv)] **(II)** The [governing body] **BOARD OF DIRECTORS OR THE**  
22 **DECLARANT** shall convene at least one meeting each year at which [the]:

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

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

27 (4) A meeting of the board of directors or other governing body of the  
28 homeowners association or a committee of the homeowners association may be held in  
29 closed session only for the following purposes:

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

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

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

2 (iv) Consultation with staff personnel, consultants, attorneys, board  
3 members, or other persons in connection with pending or potential litigation or other legal  
4 matters;

5 (v) Investigative proceedings concerning possible or actual criminal  
6 misconduct;

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

10 (vii) Compliance with a specific constitutional, statutory, or judicially  
11 imposed requirement protecting particular proceedings or matters from public disclosure;  
12 or

13 (viii) Discussion of individual owner assessment accounts;

14 (5) If a meeting is held in closed session under item (4) of this section:

15 (i) An action may not be taken and a matter may not be discussed if  
16 it is not permitted by item (4) of this section; and

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

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

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

26 A. That the procedure authorized by this item (6) might be  
27 invoked; and

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

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

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

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

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

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

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

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

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

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

17 A. May approve or authorize the proposed action at the  
18 additional meeting; and

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

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

24 11B–111.6.

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

28 11B–112.

29 (a) **(1) (I) THE HOMEOWNERS ASSOCIATION SHALL MAINTAIN BOOKS**  
30 **AND RECORDS BEGINNING ON THE DATE THE HOMEOWNERS ASSOCIATION IS**  
31 **ESTABLISHED.**

32 **(II) ALL BOOKS AND RECORDS KEPT BY THE HOMEOWNERS**



1 ASSOCIATION SHALL BE MAINTAINED SEPARATE AND APART FROM THE BOOKS AND  
2 RECORDS OF THE DECLARANT OR OF ANY OTHER PERSON.

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

8 (ii) Books and records required to be made available under  
9 subparagraph (i) of this paragraph shall first be made available to a lot owner no later than  
10 15 business days after a lot is conveyed by the declarant and the lot owner requests to  
11 examine or copy the books and records.

12 (iii) If a lot owner requests in writing a copy of financial statements  
13 of the homeowners association or the minutes of a meeting of the governing body of the  
14 homeowners association to be delivered, the governing body of the homeowners association  
15 shall compile and send the requested information by mail, electronic transmission, or  
16 personal delivery:

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

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

23 [(2)] (3) Books and records kept by or on behalf of a homeowners  
24 association may be withheld from public inspection, except for inspection by the person who  
25 is the subject of the record or the person's designee or guardian, to the extent that they  
26 concern:

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

29 (ii) An individual's medical records;

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

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

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

1                   (vi) Minutes of a closed meeting of the governing body of the  
2 homeowners association, unless a majority of a quorum of the governing body of the  
3 homeowners association that held the meeting approves unsealing the minutes or a  
4 recording of the minutes for public inspection.

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