SENATE BILL 758

N1 5lr2031
CF HB 1534

By: **Senator Kagan**
Introduced and read first time: January 27, 2025
Assigned to: Judicial Proceedings

Committee Report: Favorable
Senate action: Adopted
Read second time: March 10, 2025

CHAPTER _____

AN ACT concerning

Condominiums and Homeowners Associations – Elections, Financial Statements, and Enforcement

FOR the purpose of establishing certain requirements for elections of the governing body of a condominium or homeowners association; requiring the governing body of a condominium to accommodate unit owner organizing activities relating to the governance of the condominium; prohibiting a condominium or homeowners association from charging a unit or lot owner for examining certain records of the condominium or homeowners association in a certain manner; authorizing a condominium or homeowners association to charge a reasonable fee for copying certain documents; expanding the authority of the Division of Consumer Protection of the Office of the Attorney General to enforce certain provisions of law relating to condominiums and homeowners associations; and generally relating to condominiums and homeowners associations.

BY renumbering
Article – Real Property
Section 11B–118
to be Section 11B–119
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY adding to
Article – Real Property
Section 11–109(c)(17) through (22) and 11B–118

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.

Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section 11–116, 11–130, 11B–112, and 11B–115
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 11B–118 of Article – Real Property of the Annotated Code of Maryland be renumbered to be Section(s) 11B–119.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Real Property

11–109.

(c) **(17) (I) ELECTIONS, INCLUDING THE COLLECTION AND COUNTING OF BALLOTS AND THE CERTIFYING OF RESULTS, FOR OFFICERS OR MEMBERS OF THE GOVERNING BODY OTHER THAN THE FULL MEMBERSHIP OF THE COUNCIL OF UNIT OWNERS SHALL BE CONDUCTED BY INDEPENDENT PARTIES WHO:**

1. ARE NOT CANDIDATES IN THE ELECTION; AND

2. DO NOT HAVE A CONFLICT OF INTEREST REGARDING ANY CANDIDATE IN THE ELECTION.

(II) A UNIT OWNER IS AN INDEPENDENT PARTY IF THE UNIT OWNER:

1. COMPLIES WITH THE REQUIREMENTS OF THIS SECTION;

2. DOES NOT ELECTIONEER FOR ANY CANDIDATE; AND

3. IS NOT SUBJECT TO AN OBJECTION BY MORE THAN 25 PERCENT OF THE ELIGIBLE VOTING MEMBERS OF THE COUNCIL OF UNIT OWNERS.

(III) REPRESENTATIVES OF THE CONDOMINIUM'S PROPERTY MANAGEMENT ARE NOT INDEPENDENT PARTIES.

(18) THE GOVERNING BODY MAY RETAIN A THIRD–PARTY VENDOR OR EMPLOY A COMMERCIAL TECHNOLOGY PLATFORM TO CONDUCT AN ELECTION.

(19) INDIVIDUALS CONDUCTING AN ELECTION SHALL MAKE REASONABLE EFFORTS TO ENSURE THAT THE ELECTION IS FAIR AND THAT THERE IS ACCOUNTABILITY FOR THE PROCESS AND THE RESULTS OF THE ELECTION.

(20) A UNIT OWNER DESIGNATED TO CONDUCT AN ELECTION WHO ACTS IN GOOD FAITH IS NOT PERSONALLY LIABLE IN CONNECTION WITH THE CONDUCT OF THE ELECTION.

(21) (I) THE GOVERNING BODY SHALL MAKE REASONABLE ACCOMMODATIONS, INCLUDING REASONABLE USE OF ANY PORTION OF COMMON AREAS, FOR UNIT OWNERS TO ENGAGE IN ORGANIZING ACTIVITIES RELATING TO GOVERNANCE OF THE CONDOMINIUM.

(II) THE GOVERNING BODY MAY NOT PREVENT UNIT OWNERS FROM OR RETALIATE AGAINST UNIT OWNERS FOR EXERCISING RIGHTS GUARANTEED UNDER LAW OR UNDER THE GOVERNING DOCUMENTS OF THE CONDOMINIUM.

(22) PROVISIONS OF THE GOVERNING DOCUMENTS, RULES, OR REGULATIONS OF A CONDOMINIUM RELATING TO THE CONDUCT OF ELECTIONS THAT ARE INCONSISTENT WITH THE REQUIREMENTS OF THIS SECTION ARE UNENFORCEABLE AND VOID.

11–116.

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

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

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

(ii) If a unit owner requests in writing a copy of financial statements of the condominium or the minutes of a meeting of the board of directors or other governing

body of the condominium to be delivered, the board of directors or other governing body of the condominium shall compile and send the requested information by mail, electronic transmission, or personal delivery:

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

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

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

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

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

(ii) An individual's medical records;

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

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

(v) The written advice of legal counsel; or

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

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

(I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE COUNCIL OF UNIT OWNERS MAY IMPOSE A REASONABLE CHARGE ON A PERSON

DESIRING TO REVIEW OR COPY THE BOOKS AND RECORDS OF THE CONDOMINIUM OR WHO REQUESTS DELIVERY OF INFORMATION.

(II) THE COUNCIL OF UNIT OWNERS MAY NOT IMPOSE ANY CHARGES UNDER THIS SECTION OTHER THAN THOSE AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(2) A UNIT OWNER MAY NOT BE CHARGED FOR:

(I) EXAMINING THE FINANCIAL STATEMENTS OF THE CONDOMINIUM IN PERSON WHERE THE FINANCIAL STATEMENTS ARE MAINTAINED IN ACCORDANCE WITH SUBSECTION (C)(1)(I) OF THIS SECTION; OR

(II) RECEIVING THE FINANCIAL STATEMENTS OF THE CONDOMINIUM THROUGH ELECTRONIC TRANSMISSION IN ACCORDANCE WITH SUBSECTION (C)(1)(II) OF THIS SECTION.

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

11–130.

(a) This section is intended to provide minimum standards for the protection of consumers in the State.

(b) (1) **[**For purposes of**] IN** this section, "consumer" means an actual or prospective purchaser, lessee, assignee or recipient of a condominium unit **OR A UNIT OWNER**.

(2) "Consumer" includes a co–obligor or surety for a consumer.

(c) **[**(1) To the extent that a violation of any provision of this title affects a consumer, that**] A** violation **OF THIS TITLE** shall be within the scope of the enforcement duties and powers of the Division of Consumer Protection of the Office of the Attorney General, as described in Title 13 of the Commercial Law Article.

[(2) The provisions of this title shall otherwise be enforced by each agency of the State within the scope of its authority.**]**

(d) **THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL MAY ADOPT REGULATIONS TO CARRY OUT THIS TITLE.**

(E) A county or incorporated municipality, or an agency of any of those jurisdictions, may adopt laws or ordinances for the protection of a consumer to the extent and in the manner provided for under § 13–103 of the Commercial Law Article.

[(e)**] (F)** Within 30 days of the effective date of a law, ordinance, or regulation enacted under this section which is expressly applicable to condominiums, the local jurisdiction shall forward a copy of the law, ordinance**,** or regulation to the Secretary of State.

11B–112.

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

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

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

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

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

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

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

(ii) An individual's medical records;

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

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

(v) The written advice of legal counsel; or

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

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

(I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE HOMEOWNERS ASSOCIATION MAY IMPOSE A REASONABLE CHARGE ON A PERSON DESIRING TO REVIEW OR COPY THE BOOKS AND RECORDS OR WHO REQUESTS DELIVERY OF INFORMATION.

(II) THE HOMEOWNERS ASSOCIATION MAY NOT IMPOSE ANY CHARGES UNDER THIS SECTION OTHER THAN THOSE AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(2) A LOT OWNER MAY NOT BE CHARGED FOR:

(I) EXAMINING THE FINANCIAL STATEMENTS OF THE HOMEOWNERS ASSOCIATION IN PERSON WHERE THE FINANCIAL STATEMENTS ARE MAINTAINED IN ACCORDANCE WITH SUBSECTION (A)(1)(I) OF THIS SECTION, UNLESS THE FINANCIAL STATEMENTS ARE LOCATED IN A DEPOSITORY; OR

(II) RECEIVING THE FINANCIAL STATEMENTS OF THE HOMEOWNERS ASSOCIATION THROUGH ELECTRONIC TRANSMISSION IN ACCORDANCE WITH SUBSECTION (A)(1)(III) OF THIS SECTION.

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

(c) (1) Each homeowners association that was in existence on June 30, 1987 shall deposit in the depository by December 31, 1988, and each homeowners association established subsequent to June 30, 1987 shall deposit in the depository by the later of the

date 30 days following its establishment, or December 31, 1988, all disclosures, current to the date of deposit, specified:

(i) By § 11B–105(b) of this title except for those disclosures required by paragraphs (6)(i), (8), (9), and (12);

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

(iii) By § 11B–107(b) of this title.

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

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

11B–115.

(a) (1) In this section, "consumer" means an actual or prospective purchaser, lessee, assignee, or recipient of a lot in a development**, OR A LOT OWNER**.

(2) "Consumer" includes a co–obligor or surety for a consumer.

(b) This section is intended to provide minimum standards for protection of consumers in the State.

(c) **[**(1) To the extent that a violation of any provision of this title affects a consumer, that**] A** violation **OF THIS TITLE** shall be within the scope of the enforcement duties and powers of the Division of Consumer Protection of the Office of the Attorney General, as described in Title 13 of the Commercial Law Article.

[(2) The provisions of this title shall otherwise be enforced by each unit of State government within the scope of the authority of the unit.**]**

(d) **THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL MAY ADOPT REGULATIONS TO CARRY OUT THIS TITLE.**

(E) (1) A county or municipal corporation may adopt a law, ordinance, or regulation for the protection of a consumer to the extent and in the manner provided for under § 13–103 of the Commercial Law Article.

(2) Within 30 days of the effective date of a law, ordinance, or regulation adopted under this subsection that is expressly applicable to a development, the county or municipal corporation shall forward a copy of the law, ordinance, or regulation to the homeowners association depository in the office of the clerk of the court in the county where the development is located.

11B–118.

(A) (1) ELECTIONS FOR THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION, INCLUDING THE COLLECTION AND COUNTING OF BALLOTS AND THE CERTIFYING OF RESULTS, SHALL BE CONDUCTED BY INDEPENDENT PARTIES WHO:

(I) ARE NOT CANDIDATES FOR POSITIONS ON THE GOVERNING BODY OF THE HOMEOWNERS ASSOCIATION IN THAT ELECTION; AND

(II) DO NOT HAVE A CONFLICT OF INTEREST REGARDING ANY CANDIDATE IN THE ELECTION.

(2) (I) REPRESENTATIVES OF THE HOMEOWNERS ASSOCIATION'S PROPERTY MANAGEMENT ARE NOT INDEPENDENT PARTIES.

(II) A LOT OWNER IS AN INDEPENDENT PARTY IF THE LOT OWNER:

1. COMPLIES WITH THE REQUIREMENTS OF THIS SUBSECTION;

2. DOES NOT ELECTIONEER FOR ANY CANDIDATE; AND

3. IS NOT SUBJECT TO AN OBJECTION BY MORE THAN 25 PERCENT OF THE ELIGIBLE VOTING MEMBERS OF THE HOMEOWNERS ASSOCIATION.

(III) THE HOMEOWNERS ASSOCIATION MAY RETAIN A THIRD–PARTY VENDOR OR EMPLOY A COMMERCIAL TECHNOLOGY PLATFORM TO CONDUCT THE ELECTION.

(B) INDIVIDUALS CONDUCTING AN ELECTION SHALL MAKE REASONABLE EFFORTS TO ENSURE THAT THE ELECTION IS FAIR AND THAT THERE IS ACCOUNTABILITY FOR THE PROCESS AND THE RESULTS OF THE ELECTION.

(C) A LOT OWNER DESIGNATED TO CONDUCT AN ELECTION WHO ACTS IN GOOD FAITH HAS NO PERSONAL LIABILITY IN CONNECTION WITH THE CONDUCT OF AN ELECTION.

(D) PROVISIONS OF THE GOVERNING DOCUMENTS, RULES, OR REGULATIONS OF A HOMEOWNERS ASSOCIATION RELATING TO THE CONDUCT OF ELECTIONS THAT ARE INCONSISTENT WITH THE REQUIREMENTS OF THIS SECTION ARE VOID AND UNENFORCEABLE.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.