

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Community Benefit Associations**

3 FOR the purpose of defining and establishing Maryland Community Benefit  
4 Associations; establishing that certain provisions of Article 11B of the  
5 Real Property Title of the Code apply to a community benefit association;  
6 requiring certain meetings of the board of directors of a community benefit  
7 association or a committee of the board to be open to certain individuals; requiring  
8 the board of directors of the association to provide a designated period of time for  
9 comments under certain circumstances; requiring the board of directors to convene  
10 at least one meeting each year at which attendees may comment on any matter  
11 relating to the association; authorizing a meeting of the board of directors or a  
12 committee of the board to be held in closed session under certain circumstances;  
13 prohibiting an action from being taken or a matter being discussed in a closed  
14 session except under certain circumstances; requiring certain books and records of  
15 a community benefit association to be made available for review or copying, or  
16 both, by certain individuals under certain circumstances; requiring requests to  
17 review or copy books and records to be made in writing; requiring certain copies  
18 of financial statements or minutes of the board of directors to be compiled and sent  
19 within certain periods of time under certain circumstances; authorizing certain  
20 books and records to be withheld from public inspection under certain  
21 circumstances; authorizing the board of directors to impose only a reasonable  
22 charge that does not exceed certain limits for reviewing or copying books and  
23 records; requiring community benefit associations to maintain fidelity insurance;  
24 stating certain findings and declarations; and generally relating to community  
25 benefit associations.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

1 BY adding to  
2 Article — Corporations and Associations  
3 Section 5-6D-01, 02, 03, 04 Under the new Subtitle “Subtitle 6D – Community  
4 Benefit Associations”  
5 Annotated Code of Maryland  
6 (2014 Replacement Volume and 2017 Supplement)

7 BY repealing and reenacting, with amendments,  
8 Article – Real Property  
9 Section 11B-102  
10 Annotated Code of Maryland  
11 (2015 Replacement Volume and 2017 Supplement)

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

14 Article — Corporations and Associations  
15  
16 Subtitle 6D. Community Benefit Associations

17 5-6D-01.

18 "COMMUNITY BENEFIT ASSOCIATION" MEANS A NON PROFIT CORPORATION  
19 PROVIDING SERVICES AND AMENITIES TO, AND MAINTAINING FACILITIES FOR THE BENEFIT  
20 OF, A COMMUNITY WITH OVER 20,000 LOTS, INCLUDING WITHOUT LIMITATION, COLUMBIA  
21 ASSOCIATION, INC. IN HOWARD COUNTY SERVING COLUMBIA AND ITS ENVIRONS UNDER  
22 THE DECLARATION OF COVENANTS, EASEMENTS, CHARGES, AND LIENS DATED  
23 DECEMBER 13, 1966, AND RECORDED IN THE LAND RECORDS OF HOWARD COUNTY.

24 5-6D-02.

25 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

26 (1) COLUMBIA ASSOCIATION, INC. IN HOWARD COUNTY IS A COMMUNITY  
27 BENEFIT ASSOCIATION;

28 (2) ARTICLE 11B OF THE REAL PROPERTY TITLE OF THE CODE WAS  
29 ENACTED IN 1987, 20 YEARS AFTER THE CREATION OF COLUMBIA ASSOCIATION, INC.; AND

30 (3) COLUMBIA ASSOCIATION'S GOVERNING DOCUMENTS, INCLUDING THE  
31 DECLARATION, CHARTER, AND BYLAWS, ADDRESS MANY OF THE SUBJECT MATTERS  
32 COVERED BY ARTICLE 11B OF THE REAL PROPERTY TITLE OF THE CODE AND, THEREFORE,

33 SUBJECTING COLUMBIA ASSOCIATION, INC. TO THOSE PROVISIONS IS UNNECESSARY AND  
34 REDUNDANT.

35 (B) ONLY THE PROVISIONS OF §§ 11B-101, 11B-102(G), 11B-104, 11B-105,  
36 11B-106, 11B-106.2, 11B-107, 11B-108, 11B-109, 11B-110, 11B-112.1, 11B-112.2, 11B-  
37 113, 11B-113.1, 11B-113.2, 11B-113.3, 11B-113.4, 11B-113.5, 11B-114, AND 11B-117 OF  
38 THE REAL PROPERTY TITLE OF THE CODE APPLY TO A COMMUNITY BENEFIT ASSOCIATION.  
39 THE OTHER SECTIONS OF ARTICLE 11B OF THE REAL PROPERTY TITLE OF THE CODE DO NOT  
40 APPLY TO A COMMUNITY BENEFIT ASSOCIATION.

41 (C) THE FIRST-PRIORITY STATUS OF THE ANNUAL CHARGES IMPOSED BY THE  
42 DECLARATION REFERENCED IN SUBSECTION 5-6D-01 OF THIS TITLE IS PRESERVED AND  
43 REMAINS UNAFFECTED BY THE DESIGNATION OF COLUMBIA ASSOCIATION, INC. AS A  
44 COMMUNITY BENEFIT ASSOCIATION, AND A FIRST PRIORITY LIEN FOR SAID ANNUAL  
45 CHARGES MAY BE ENFORCED EITHER ACCORDING TO THE PROCEDURES PROVIDED IN THE  
46 DECLARATION OR BY ANY OTHER PROCEDURES PROVIDED OR PERMITTED BY STATUTE.

47 5-6D-03.

48 EXCEPT AS PROVIDED IN THIS TITLE, AND NOTWITHSTANDING ANYTHING  
49 CONTAINED IN ANY OF THE GOVERNING DOCUMENTS OF THE COMMUNITY BENEFIT  
50 ASSOCIATION:

51 (A) SUBJECT TO THE PROVISIONS OF PARAGRAPH (C) OF THIS SECTION,  
52 ALL MEETINGS OF THE BOARD OF DIRECTORS OF A COMMUNITY BENEFIT ASSOCIATION OR A  
53 COMMITTEE OF THE BOARD OF DIRECTORS SHALL BE OPEN TO ALL INDIVIDUALS LIVING,  
54 WORKING, OR OWNING PROPERTY IN THE COMMUNITY SERVED BY THE COMMUNITY  
55 BENEFIT ASSOCIATION;

56 (B) (1) THE BOARD OF DIRECTORS SHALL PROVIDE A DESIGNATED  
57 PERIOD OF TIME DURING AN OPEN MEETING TO ALLOW ANY INDIVIDUAL ATTENDING THE  
58 MEETING TO COMMENT ON TOPICS LISTED ON THE MEETING AGENDA; AND

59 (2) THE BOARD OF DIRECTORS SHALL CONVENE AT LEAST ONE  
60 MEETING EACH YEAR AT WHICH ATTENDEES MAY COMMENT ON ANY MATTER RELATING TO  
61 THE BUSINESS OF THE COMMUNITY BENEFIT ASSOCIATION;

62 (C) A MEETING OF THE BOARD OF DIRECTORS OF THE COMMUNITY  
63 BENEFIT ASSOCIATION OR A COMMITTEE OF THE BOARD OF DIRECTORS MAY BE HELD IN  
64 CLOSED SESSION UPON A MAJORITY VOTE OF THE BOARD AND ONLY FOR THE FOLLOWING  
65 PURPOSES:

66 (1) DISCUSSION OF MATTERS PERTAINING TO EMPLOYEES AND  
67 PERSONNEL;

68 (2) PROTECTION OF THE PRIVACY OR REPUTATION OF INDIVIDUALS  
69 IN MATTERS NOT RELATED TO THE COMMUNITY BENEFIT ASSOCIATION'S BUSINESS;

70 (3) CONSULTATION WITH LEGAL COUNSEL ON LEGAL MATTERS;

71 (4) CONSULTATION WITH STAFF PERSONNEL, CONSULTANTS,  
72 ATTORNEYS, BOARD MEMBERS, OR OTHER PERSONS IN CONNECTION WITH PENDING OR  
73 POTENTIAL LITIGATION OR OTHER LEGAL MATTERS;

74 (5) INVESTIGATIVE PROCEEDINGS CONCERNING POSSIBLE OR  
75 ACTUAL CRIMINAL MISCONDUCT;

76 (6) CONSIDERATION OF THE TERMS OR CONDITIONS OF A BUSINESS  
77 TRANSACTION IN THE NEGOTIATION STAGE;

78 (7) COMPLIANCE WITH A SPECIFIC CONSTITUTIONAL, STATUTORY,  
79 OR JUDICIALLY IMPOSED REQUIREMENT PROTECTING PARTICULAR PROCEEDINGS OR  
80 MATTERS FROM PUBLIC DISCLOSURE; OR

81 (8) DISCUSSION OF A LOT OWNER'S PAYMENT OF, OR FAILURE TO  
82 PAY, THE COMMUNITY BENEFIT ASSOCIATION'S ANNUAL CHARGE; AND

83 (D) IF A MEETING IS HELD IN CLOSED SESSION UNDER PARAGRAPH (C) OF  
84 THIS SECTION, AN ACTION MAY NOT BE TAKEN AND A MATTER MAY NOT BE DISCUSSED IF IT  
85 IS NOT PERMITTED BY PARAGRAPH (C) OF THIS SECTION.

86 5-6D-04.

87 (A) (1) (I) EXCEPT AS PROVIDED IN SUBSECTION (A)(2) OF THIS SECTION,  
88 ALL BOOKS AND RECORDS KEPT BY OR ON BEHALF OF A COMMUNITY BENEFIT ASSOCIATION  
89 AND WHICH ARE COMPRISED OF EXISTING DOCUMENTS PREPARED OR RECEIVED BY THE  
90 CORPORATION IN THE ORDINARY COURSE OF ITS BUSINESS SHALL BE MADE AVAILABLE FOR  
91 REVIEW, OR COPYING, OR BOTH, BY A PERSON LIVING, WORKING, OR OWNING PROPERTY IN  
92 THE COMMUNITY SERVED BY THE COMMUNITY BENEFIT ASSOCIATION.

93 (II) A REQUEST FOR REVIEW OR COPYING OF BOOKS AND RECORDS  
94 MADE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE MADE IN WRITING.

95 (III) IF A REQUEST IS MADE FOR A COPY OF FINANCIAL STATEMENTS  
96 OF THE COMMUNITY BENEFIT ASSOCIATION OR FOR THE MINUTES OF AN OPEN MEETING OF

97 THE BOARD OF DIRECTORS OF THE COMMUNITY BENEFIT ASSOCIATION, IT SHALL COMPILE  
98 AND SEND THE REQUESTED INFORMATION:

99 1. WITHIN 21 DAYS AFTER RECEIPT OF THE WRITTEN REQUEST,  
100 IF THE FINANCIAL STATEMENTS OR MINUTES WERE PREPARED WITHIN THE 3 YEARS  
101 IMMEDIATELY PRECEDING RECEIPT OF THE REQUEST; OR

102 2. WITHIN 45 DAYS AFTER RECEIPT OF THE WRITTEN REQUEST,  
103 IF THE FINANCIAL STATEMENTS OR MINUTES WERE PREPARED MORE THAN 3 YEARS BEFORE  
104 RECEIPT OF THE REQUEST.

105 (2) BOOKS AND RECORDS KEPT BY OR ON BEHALF OF A COMMUNITY  
106 BENEFIT ASSOCIATION MAY BE WITHHELD FROM PUBLIC INSPECTION, EXCEPT FOR REVIEW  
107 BY THE PERSON WHO IS THE SUBJECT OF THE RECORD OR THE PERSON'S DESIGNEE OR LEGAL  
108 GUARDIAN, TO THE EXTENT THAT THEY CONCERN:

109 (I) PERSONNEL RECORDS, OTHER THAN EMPLOYEE COMPENSATION  
110 INFORMATION NOT SPECIFICALLY IDENTIFIABLE BY EMPLOYEE NAME OR OTHER  
111 INDIVIDUAL IDENTIFYING INFORMATION;

112 (II) AN INDIVIDUAL'S MEDICAL RECORDS;

113 (III) AN INDIVIDUAL'S PERSONAL FINANCIAL RECORDS, INCLUDING  
114 INFORMATION ABOUT ASSETS, INCOME, LIABILITIES, NET WORTH, BANK BALANCES,  
115 FINANCIAL HISTORY, OR CREDITWORTHINESS;

116 (IV) AN INDIVIDUAL LOT OWNER'S PAYMENT OF OR FAILURE TO PAY  
117 THE COMMUNITY BENEFIT ASSOCIATION'S ANNUAL CHARGE;

118 (V) RECORDS RELATING TO BUSINESS TRANSACTIONS THAT ARE  
119 CURRENTLY IN NEGOTIATION;

120 (VI) RECORDS RELATING TO THE ADVICE OF LEGAL COUNSEL; OR

121 (VII) MINUTES OF A CLOSED MEETING OF THE BOARD OF DIRECTORS  
122 OR A COMMITTEE OF THE BOARD, UNLESS A MAJORITY OF THE BOARD OF DIRECTORS OF THE  
123 COMMUNITY BENEFIT ASSOCIATION APPROVES UNSEALING THE MINUTES FOR PUBLIC  
124 INSPECTION.

125 (B) (1) A COMMUNITY BENEFIT ASSOCIATION MAY IMPOSE A REASONABLE  
126 CHARGE ON A PERSON REQUESTING REVIEW OR COPYING OF THE COMMUNITY BENEFIT  
127 ASSOCIATION'S BOOKS AND RECORDS OR DELIVERY OF COPIES OF SUCH BOOKS AND  
128 RECORDS.

129 (2) A CHARGE IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR  
130 REVIEW AND COPYING OF BOOKS AND RECORDS MAY NOT EXCEED THE LIMITS AUTHORIZED  
131 UNDER TITLE 7, SUBTITLE 2 OF THE COURTS & JUDICIAL PROCEEDINGS ARTICLE OF THE  
132 CODE.

133 5-6D-05

134 SUBJECT TO REASONABLE RESTRICTIONS, A COMMUNITY BENEFIT ASSOCIATION  
135 SHALL PERMIT

136 (A) THE DISTRIBUTION OF WRITTEN MATERIALS BY A LOT OWNER REGARDING THE  
137 OPERATION OF THE COMMUNITY BENEFIT ASSOCIATION IN A LOCATION WHERE ITS  
138 GOVERNING BODY DISTRIBUTES WRITTEN MATERIALS, AND

139 (B) A MEETING OF LOT OWNERS TO DISCUSS THE OPERATION OF THE COMMUNITY  
140 BENEFIT ASSOCIATION IN A LOCATION THAT THE GOVERNING BODY USES FOR  
141 SCHEDULED MEETINGS.

142 5-6D-06

143 A COMMUNITY BENEFIT ASSOCIATION SHALL MAINTAIN AT LEAST \$3,000,000 IN  
144 FIDELITY INSURANCE THAT PROVIDES FOR THE INDEMNIFICATION OF THE COMMUNITY  
145 BENEFIT ASSOCIATION AGAINST LOSS ARISING FROM FRAUD, DISHONESTY OR CRIMINAL  
146 ACTS BY ANY OFFICER, DIRECTOR, AGENT OR EMPLOYEE CHARGED WITH THE OPERATION  
147 OR MAINTENANCE OF THE COMMUNITY BENEFIT ASSOCIATION AND WHO CONTROLS AND  
148 DISBURSES FUNDS.

149

150 Article – Real Property

151 § 11B-102(G)

152 (G) EXCEPT AS PROVIDED IN SUBSECTION 5-6D-02(B) OF THE CORPORATIONS  
153 AND ASSOCIATIONS ARTICLE OF THE CODE, THIS TITLE DOES NOT APPLY TO A COMMUNITY  
154 BENEFIT ASSOCIATION.

155 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
156 June 1, 2019.