



Steven Randol, Chair
Charlene Morazzani Hood, PCAM, MS, Vice Chair
Vicki Caine, Secretary
Marie Fowler, PCAM, Treasurer
Susan Rapaport, Esq., Asst. Secretary

Pete Philbin, Esq, Member
Reese F. Cropper III, CIRMS, Member
Julie Dymowski, Esq., Member
Ruth Katz, Esq., Member
Member
Steven Landsman, PCAM, Member

Chris Majerle, PCAM, Member
Buck Mann, CMCA, Member
Robin C. Manougian, CIRMS, Member
Thomas C. Schild, Esq., CCAL,

John Taylor, Member

Kathleen Elmore, Esq, Asst. Treasurer

January 25, 2020

Honorable Kumar P. Barve, Chairman
Environment and Transportation Committee
251 House Office Building
6 Bladen Street
Annapolis, MD 21401

**Re: HB-58 Cooperative Housing Corporations, Condominiums, and
Homeowners Associations - Reserve Studies**

Hearing Date January 28, 2020 Position: Support with amendments

Dear Chairman Barve and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with condominiums, homeowners associations, and cooperatives throughout the State of Maryland.

This bill would require reserve studies for Homeowner Associations (HOAs), Condominiums, and Cooperative common ownership communities. Other states that have required these studies have found there is an undue expense for many HOAs, even though doing reserve studies is recommended as a best practice, mandated studies penalize those

HOA's whose only common property may be an entrance sign. We offer amendments as below to exclude the mandate for HOA's and to allow Condominiums and Coops to opt out if they provide notice to all owners. Such notice would fulfill transparency by the board as a fiduciary responsibility.

The amendments offered follow

In the description of the bill strike the following:

altering the content of the annual budget of certain homeowners associations; altering the reserve funds a certain developer is required to deliver to the governing body of a homeowners association within a certain period of time after a certain meeting; requiring the governing body of certain homeowners associations to have a reserve study conducted of the common areas of a homeowners association by a certain date and at certain intervals under certain circumstances; requiring the reserve study conducted of the common areas of a homeowners association to meet certain criteria; establishing that the governing body of a homeowners association

On page2, After line 24, insert

(A) Except to the extent otherwise provided in the cooperative or condominium instruments and unless the cooperative or condominium instruments impose more stringent requirements, the executive organ shall:

On page 3, delete lines 3 and 4.

On page 3, Line 23: **" If the governing body at a duly called meeting chooses to not complete such a study, they must provide notice of such decision to all owners.**

On page 3, Line 30-32 and page 4, lines 1-5; delete the current language and insert IS QUALIFIED BY EDUCATION OR EXPERIENCE TO PREPARE RESERVE STUDIES;

On page 4 on line 7, after (2) and before the word "The" insert **"Unless the government body of the cooperative housing corporation votes to opt-out of completing and/or funding a reserve study during a duly called meeting of the corporation ,"**

On page 4, line 16, add **" If the governing body at a duly called meeting chooses to not complete such a study, they must provide notice of such decision to all owners.**

On page 5, line 28 add “ If the governing body at a duly called meeting chooses to not complete such a study, they must provide notice of such decision to all owners.”

On page 7, after line 4 insert (A) Except to the extent otherwise provided in the cooperative or condominium instruments and unless the cooperative or condominium instruments impose more stringent requirements, the executive organ shall:

On page 7, delete lines 18 and 19.

On page 7, line 22 insert “Unless the governing body of the condominium votes during a duly called meeting of the board to opt-out of conducting a reserve study and funding reserves as required in this section,”

On page 7, line 29, add “ If the governing body at a duly called meeting chooses to not complete such a study, they must provide notice of such decision to all owners.”

On page 8, line 8, add “ If the governing body at a duly called meeting chooses to not complete such a study, they must provide notice of such decision to all owners.”

On page 8, Line 9-17, delete the current language and insert “IS QUALIFIED BY EDUCATION OR EXPERIENCE TO PREPARE RESERVE STUDIES;”

On pages 12 line 14, through page14, line 7, delete all lines.