



House Bill 1187 – Reserve Funding Assistance Program - Establishment

Position: Support with Amendments

Maryland REALTORS® supports efforts to help Common Interest Communities to fully fund their reserve accounts, such as HB 1187. However, we believe that with the included revisions, the bill will more narrowly focus assistance to those in need, with the added benefit of potentially lowering the fiscal note.

In 2022, the General Assembly passed a statewide requirement that all condo and homeowner's associations regularly conduct a reserve study, which evaluates the association's ability to pay for future financial obligations like maintenance and repairs. If the study determines that an association's financial reserves are insufficient, the unit owners may face increases in their monthly fees or special assessments to recapitalize the accounts.

Since then, REALTORS® have heard of some associations which have imposed sharp increases in fee amounts charged to homeowners, due to the large unmet capital needs of these communities. These fee amounts can be difficult for those on fixed incomes to absorb, especially during this time of higher-than-average inflation. What's more, there is concern that associations which are not able to meet necessary reserve funding by the statutory deadline will face difficulties in obtaining mortgages or insurance coverage for residential units within the community.

Giving assistance to low-income seniors to meet their increased assessments will help them to remain in their homes and their developments to remain safe and fiscally sound. We therefore ask that for residents over the age of 62 in 2-304(E)(2), there be a means-test or income limitation. Another approach would be to limit this assistance only to a resident's primary residence, to prevent its usage on second or vacation properties. These considerations should scale back the financial needs for this program.

With these considerations, REALTORS® recommend a favorable report on HB 1187.

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