



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony

**SB 63: Cooperative Housing Corporations, Condominiums, and Homeowners Associations
– Funding of Reserve Accounts and Preparation of Funding Plans**

Good afternoon, Chairman Korman, Vice Chair Boyce and members of the *House Environment and Transportation Committee*, thank you for the opportunity to present Senate Bill 63.

As amended, **SB 63** was drafted to strengthen financial planning and long-term sustainability for cooperative housing corporations, residential condominiums, and homeowners associations across Maryland. SB 63 builds upon existing reserve funding requirements to ensure that these communities remain financially stable and structurally sound for years to come.

SB 63 will enhance the funding and oversight of reserve accounts through:

1. Timely Deposits into Reserve Accounts
2. Extended Timeline for Meeting Reserve Funding Requirements
3. Flexibility in Financial Hardships
4. Professional Oversight of Reserve Studies
5. Annual Review of Reserve Accounts
6. Redefining the Definition of "Reserve Study"
7. Mandatory Funding Plans, and
8. Clarification of Component Costs and Reserve Study Applications

By enacting this legislation, we are taking a necessary step toward ensuring the long-term financial health of Maryland's common interest communities. Well-funded reserves protect homeowners from sudden assessments, prevent deferred maintenance that can lead to structural hazards, and contribute to the overall stability of our housing market.

Therefore, I respectfully urge the Committee to issue a favorable report on SB 63.