



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

**Position: Support**

Maryland REALTORS® supports SB 63 as amended, to extend the deadline for Common Interest Communities to fully fund their reserve accounts and grant additional flexibility in meeting required reserves.

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 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 learned some associations 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 and housing unaffordability. What's more, there is concern that associations which are not able to meet the necessary reserve amounts will face difficulties in obtaining mortgages or insurance coverage for residential units within the community.

In addition, this bill establishes a hardship exemption that associations may employ. Unforeseen circumstances can derail even those associations currently on solid financial footing. With association residents already burdened by reserve contributions, facing damages from a natural disaster or financial malfeasance could result in funding requirements well beyond their ability to pay.

Giving associations additional time and clarification to fully fund their reserve accounts will moderate these increases on residents while still ensuring that the communities remain financially and structurally sound. REALTORS® recommend a favorable report on SB 63.

**For more information contact [lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org) or  
[christa.mcgee@mdrealtor.org](mailto:christa.mcgee@mdrealtor.org)**