

SB 63 – TESTIMONY FUNDING OF RESERVE ACCOUNTS/FUNDING PLANS

KINGS COURT TOWNHOUSE ASSOCIATION 2 /HOA

SONIA SOCHA, VP/TREASURER

SUPPORT with proposed Amendments outlined below.

KCTHA2 is requesting amendments be made to SB 63 before it passes. Since HOA/CONDOs were not fully informed about this legislation in enough time to provide testimony, we are asking that input still be considered for amendments to this bill.

Amendments are:

d. (1). (II)

“Be deposited in the reserve account on or before the last day of the fiscal year” to ***“on or before the year-end close of the fiscal year.”***

The language should be changed for what will make it more flexible for the estimated 7000 organizations that exist.

KCTHA2 may not deposit until we close the fiscal year--which is not on the last day! **Please do not mandate us to run our budgets/accounting by unreasonable language in a law.**

d. (3) (I)

The governing body should be changed from 2/3rds to **“simple majority”**.

Bylaws are different for each organization, but even with that, memberships of boards can be very small due to owners not wanting to participate or be responsible for operation. *Please do not make it 2/3rds.*

In addition, there is still no provision provided in this bill (as offered by Senator Jennings bill SB787) for organizations to use licensed contractors for analysis of a particular component. We should not be forced to use only the approved reserve study engineers without any options. Many groups like ours have been running our organizations for 40 - 50 years. We are being forced to use (and pay more than needed) these engineering firms, that are now adding to their pockets with reserve study work.

Reserve studies are being over - inflated by these firms. *KCTHA2 has 222 homes and our reserve study turned out to be \$1.2million!!* We do not require this level of reserves. We need the flexibility to secure estimates/prices from other experts, and to run our organizations in a prudent fashion that does not cause us to have to charge unnecessary large assessments to owners creating financial hardship.

Thank you for consideration of these amendments, input from Senator Jennings, and the point of view of those of us who live in these developments.

