To the Honorable Senator Korman
ENT Committee

Dear Senators:

Here is my testimony on SB 63.

The bill addresses associations that re in financial hardship, which is fine….
But this bill does NOT address the biggest problems - the unintended
consequences - of HB107/now HB292. The law - as written mandates Reserve
Studies at least every 5 years (which is fine…most condos have done them for
years), but also mandates funding, taking all control away from associations and
owners.
The Florida bill - now in its third revision with three special state meetings called
just to work on the original bill - mandates Reserve Studies and inspections but
does not mandate the level of funding. The Florida law leaves the funding where
it should be …with the association. . The MDlaw , in contrast, mandates Reserve
Studies and mandates also the level of funding, i.e. associations have   no
control over the level of funding, which has caused many of the problems, and
created the sky high fees (30-250%) and Special Assessments…that are driving
people from their homes. And…adding to this…tthe law requires these estimates
for component longevity must be funded for …30 years!!!

On the matter at hand, SB63, which offers some relief to associations that are
having financial hardship is fine, but it j helps only a subset. Most associations
are solvent…the problem is that the law is creating dire financial hardship for the
individuals (which is not the same as the entity called an association)...

All condo owners statewide need this bill revised….. and we (the eight
communities at Cross Keys and two in Baltimore County, threein Howard
County)...think the following four amendments would go far to correct the
unintended consequences of the reserve Study bill.

 I am in favor of SB63 ..WITH THE FOLLOWING AMENDMENTS. OUR group has
spoken directly to Senator Muse and he indicated supported these
amendments….which will make the MD law a better law…not in any way "diluting
its intent (a word lobbyists are wont to use)..but remedying the problems so that
individual owners are not drained of their savings and forced out of their homes.

Thank you for your time and attention. Following are the four amendments our group hopes you will put in SB63.

Respectfully,
Jeanne Hyatt
Condo Owner
Baltimore, Md

Amendments to HB292/SB63

1. Page 11: 4.1 Add a paragraph to say:

The Governing Body shall deduct from the annual total amount to be funded, any and all repairs and/or replacements that were listed on the Study and made during that year. The resulting total is the amount deemed to be Fully Funded.

Example: $600,000 - annual number
                60,000 - funds spend on repairs/replacements on the study during
                            The fiscal year
          _____
          $540,000 - amount to be funded for the fiscal year.

If an association funds for $540,000 (in this example), that association is in ful compliance , i.e. deemed to be Fully Funded..

2. Page 15: 3.III Add "water" after "sewer" in this paragraph.

3. Page 15: 4. Reserves may not be used for purposes other than those specified in the Funding Plan EXCEPT for emergency repairs AND/OR replacements not listed in the Reserve Study. Those monies spent on emergency repairs or replacements shall not be required to be replaced into the Reserve Fund.

This amendment was suggested to be placed into HB292..... I believe it was but changed the time frame on replacement of funds... stating that monies from the Fund used for emergencies have to be replaced within five years.

Or - worded another way…

The governing body may use reserves for purposes other than those specified in the Reserve Study. This choice is left to the discretion of the governing body. The monies can be replaced in the time frame the government body decides, not to exceed ten years.

4. (Not in this version of HB292): Any estimated cost of a component listed on the Reserve Study can be challenged by the Governing Body by obtaining a current estimate from a licensed contractor for that particular component. That estimate shall replace the estimate in the Reserve Study.