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January 26, 2021

Community Associations Institute
Government & Public Affairs Committee
Community Associations Institute
6402 Arlington Blvd., Suite 500
Falls Church, VA 22042

Members of the Committee:

Thank you for your prompt action on our request for a variance to the position we may take on Maryland HB313—Reserve Studies. We will oppose this bill, however, many members of our LAC and a vocal portion of our membership were pleased to see such legislation last year which was adopted affecting only Prince George’s County. This year, there are two bills, HB313 and HB567, which propose to expand the law statewide.

Our managers have reported that the push back they receive at budget time on increasing assessments to fully fund reserve vanished under this law. Our communities will soon be funded in order to meet future replacement and safety needs. We welcome this legislation.

Further, the variance requires two amendments that we think are undesirable. First, to exempt or make voluntary the participation by homeowners associations. Many HOAs have significant amenities and infrastructure such as pools, clubhouses, roads, underground pipes, street lights and entry features. We have seen these deteriorate or close due to underfunding. Funding reserves is just as important for HOAs as for condominiums and cooperatives. Second, we know that some managers produce their own reserve studies and the law would require either designation or demonstrated competency. If a manager has produced a sufficient quantity of reserve studies, they would qualify, but we do not think the intent of the legislation would be served to allow just anyone to prepare the study, potentially skewing it to achieve low contributions that would not require increases in assessments.

By way of this letter, the Maryland Legislative Action Committee is requesting reconsideration of the variance from CAI’s public policy relating to mandatory reserve studies and consideration of these points as you redefine your public policy.

Sincerely,

Community Associations Institute
Maryland Legislative Action Committee

Maryland Legislative Action Committee
Post Office Box 6636
Annapolis, Maryland 21401