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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 16, 2021

WRITTEN TESTIMONY IN SUPPORT OF HOUSE BILL 567

**MONTGOMERY COUNTY-COOPERATIVE HOUSING CORPORATIONS,
CONDOMINIUMS AND HOMEOWNERS ASSOCIATIONS-RESERVE STUDIES**

House Bill 567 will ensure that the governing bodies for Common Ownership Communities in Montgomery County such as Cooperative Housing Corporations, Condominiums and Homeowners Associations conduct reserve studies every five (5) years or conduct an update of an already existing reserve study every five (5) years.

A reserve study is a long-term budget planning tool which identifies the status of the reserve fund by conducting a study of future major repairs and replacement of the common areas of a cooperative, condominium or HOA. The reserve fund consists of money set aside for scheduled, routine and unscheduled expenses for maintenance, repair and replacement that otherwise would be drawn from a general fund.

This bill provides guidelines and standards for the manner in which the reserve study should be conducted and prepared; provides for the governing body's review of the study; inspection and copying of the study by homeowners; requirements for submission with the annual proposed budget to homeowners; and budget guidelines for reserve funding and allocation of funds towards the proposed funded amount.

With this legislation, Montgomery County homeowners living in Common Ownership Communities will continue with the quiet enjoyment of homeownership without the risk of mandated costly and sometimes exorbitant assessments for scheduled, routine and unscheduled expenses associated with maintenance, repair and replacement of common areas within their communities.

I respectfully request a favorable report for House Bill 567.

Sincerely,

Delegate Charlotte Crutchfield