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February 12, 2021

The Hon. Kumar P. Barve, Chair  
Maryland House of Delegates  
House Office Building, Rm. 251  
6 Bladen Street  
Annapolis, MD 21401

The Hon. Dana M. Stein, Vice-Chair  
Maryland House of Delegates  
House Office Building, Rm. 251  
6 Bladen Street  
Annapolis, MD 21401

RE: Support for H.B. 567  
Montgomery County - Cooperative Housing Corporations, Condominiums, and  
Homeowner Associations - Reserve Studies

Dear Delegates Barve, Stein, and Members of the Environmental and Transportation Subcommittee:

I am writing to express my support for H.B. 567. I currently serve as chairman of the Legislative Committee for the Montgomery County Commission on Common Ownership ("CCOC"). For many years our Committee and the CCOC have supported a bill requiring common ownership communities to conduct a reserve study on a periodic basis, and to fund the monies required by the reserve study.

HB 567 is modeled after the reserve study bill that was passed last year for Prince George's County. The bill will require a reserve study to be conducted by all common ownership communities in Montgomery County, and that it be updated every 5 years. The bill will also require that the association fund the replacement reserves in the amount at least equal to that recommended by the reserve study.

I am also writing to support my H.B. 567 as a practicing attorney in the field of common ownership community law. Too often I have seen Associations that are unable to repair their common areas because previous Boards did not set aside enough money to repair the property when it fell into disrepair. For example, I have seen a townhouse community close it's swimming pool

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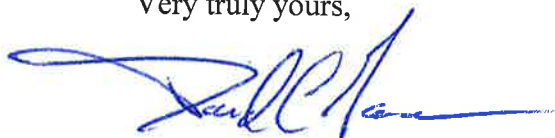
because it did not have the funds to repair the pool. This meant that children in that community did not have a pool to attend in the summer, which is often the only place where they can swim. I have also seen condominiums take out million dollar loans to repair siding, roofs and other amenities because they either did not have a current reserve study, or previous Boards were unwilling to raise their dues sufficiently to fully fund their reserves.

The reason this bill is needed is because many Board members feel that their primary role is to keep assessments in their community as low as possible. Indeed, many Board members run on that platform and believe it is their obligation not to raise dues, or to only raise them by the rate of the CPI. Unfortunately, this usually means that the current residents of the community are not paying the full amount needed to repair the common areas when they need to be repaired, and that new members of the community will be forced to pay for those repairs.

A reserve account is nothing more than a dedicated bank account. The funds need to be available when repairs are needed to the common areas in a community. If it is not fully funded when repairs are needed, a special assessment will need to be levied on the current residents, or their fees will need to be heavily increased to fund repairs that were necessitated by many years of usage. None of the common areas in a community last forever - they all have a useful life and will ultimately need to be replaced. The people who use them during that time should pay for that usage, which is the purpose of a reserve study. This bill will ensure that they do, and that the reserve account is funded in the amount necessary to repair the common areas when they need repairs.

For all of these reasons, I urge you to support HB 567.

Very truly yours,



David C. Gardner