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February, 2021

Del Kumar Barve and Montgomery Delegation
kumar.barve@house.state.md.us
251 House Office Building
6 Bladen St
Annapolis, MD 21401

RE: HB567
Cooperative Housing Corporations, Condominiums, Homeowners Associations
Reserve Studies-MC 3-21

Position: Oppose

Dear Del. Barve & members of the Environment & Transportation Committee:

We regret to inform you that, due to the Community Associations Institute's National Public Policy to oppose mandatory reserve requirements for community associations, we are required to oppose HB567. Previously, we opposed only on the basis that we were supporting a similar statewide bill (HB313), but we must now oppose that bill, as well.

Should this bill go forward, we would like to point-out some issues our management members have found with the Prince George's legislation that passed last year and maybe these can be resolved through amendment.

1. There are at least two recommended funding methods cited in most reserve studies: Cash Flow and Component. The law does not state which method is to be used.
2. The law provides for full funding, but does not state whether that means depositing the recommended amount each year or catching-up on prior years' underfunding, which could be substantial.

We might suggest that the minimum contributions shall be the lesser of the recommended funding level for either Cash Flow or Component Methods. If an association is short of the recommended balance, they should have up to two years to secure an updated study so that the study can recommend a new annual funding level that will achieve a suitable minimum balance.

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

We are available to answer any questions the Committee Members may have. Please do not hesitate to contact Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or by email at lisa.jones@mdlobbyist.com or Steve Randol, CAI MD-LAC Chair, by email at srandol@pineyorchard.com or Chris Majerle, PCAM at 240-387-4742 or by email at cmajerle@AccessMMI.com.

Sincerely,

Steven Randol
Chair, CAI MD-LAC

Chris Majerle
Chris Majerle, PCAM

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.

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