



Steven Randol, Chair

Reese F. Cropper III, CIRMS, Member

Julie Dymowski, Esq., Member

Steven Landsman, PCAM, Member

Judyann Lee, Esq., Member

March 23, 2021

Hon. Senator William C. Smith, Jr., Chairman
Judicial Proceedings Committee
2 East
Miller Office Building
Annapolis, MD 21401

**Re: Montgomery County - Cooperative Housing Corporations, Condominiums, and
Homeowners Associations - Reserve Studies MC 3-21**

Hearing: March 30, 2021

Position: Oppose

Dear Chairman Smith and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with condominiums, homeowners associations and cooperatives throughout the State of Maryland. Over 1,000,000 Marylanders live in more than 6700 communities throughout the State.

I am writing today on behalf of the MD-LAC to voice our opposition to HB 567. This bill is duplicative of HB313 which proposes mandatory reserve studies statewide. Like that bill, though limited to a single county, it has the same features that cause us to oppose its passage.

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

This bill will mandate community associations, including all homeowners associations, condominiums, and cooperatives, to conduct complete reserve studies, which are then required to be fully funded, every five years. These new mandates, if passed, will place excessive costs and budgeting requirements on many associations where they may not be necessary.

While Community Associations Institute clearly supports best practices for community associations with significant common elements should plan and prepare for long-term repairs and replacement. However, HB 567 is a one size fits all proposal that will unnecessarily burden many Maryland communities and could potentially lead to special assessments as communities play catch up on quickly fully funding reserves. Funding of reserves through the budget process is one that the association governing body should undertake in consultation with a reserve specialist rather than be mandated by governmental regulation. Experience has shown that equally important to adopting a specific method of reserve funding is the recommendation that the developer-controlled board prepares a reserve study close to transition to the owner-controlled board. We support planning and preparing for the future of community associations, but we don't support this bill.

We are available to answer any questions which you may have. Please feel free to contact any of the individuals listed: Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or by email at lisa.jones@mdlobbyist.com; or Steven K Randol, Chair CAI MD-LAC, at 410-695-2183, or srandol@pineyorchard.com

Sincerely,

Steven Randol
Chair, CAI MD-LAC

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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