



**Maryland Legislative Action Committee**  
**The Legislative Voice of Maryland Community Association Homeowners**

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March 22, 2023

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Senator William C. Smith, Jr., Chair  
Senator Jeff Waldstreicher, Vice Chair  
Senate Judicial Proceedings Committee  
Room 2 East, Miller Senate Office Building  
Annapolis, Maryland 21401

**Re: House Bill 534**  
**Cooperative Housing Corporations, Condominiums**  
**and Homeowners Associations –**  
**Funding of Reserve Accounts**  
**Hearing Date: March 23, 2023**  
**Position: Support**

Dear Chairman Smith, Vice Chair Waldstreicher, and Judicial Proceedings Committee Members:

We write on behalf of the Maryland residents statewide who reside in common ownership communities to offer our support for the above-referenced legislation, which originated in the House of Delegates, is sponsored by Delegate Marvin Holmes, Jr., and is scheduled for hearing before your Committee on March 23, 2023.

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

**Page 2, House Bill 534**  
**Community Associations Institute**

In the year since the passage of legislation mandating the funding of replacement reserve accounts statewide, we have had many interactions with community association board members and professional managers regarding the intricacies of compliance with the new law. In the course of our conversations, two important concerns have emerged, both of which are addressed by the proposed HB 534.

The first concern has been that those communities obtaining initial reserve studies have found themselves confronted with the urgent need to increase assessments precipitously in order to meet the funding requirements recommended by their reserve specialists. Those increases, when combined with current inflationary pressure, have prompted our constituents to ask if the 3-year grace period in the current statute might be expanded to 5 years. HB 534 incorporates the new 5-year provision; and, in so doing, it will diffuse any negative fiscal impact, as well as to enlarge the opportunity for compliance.

The second concern is one raised by professional managers, accountants, auditors and attorneys. The current legislation—like its predecessors, which were originally applicable solely to community associations in Prince George’s and then Montgomery County—requires only that the association’s annual budget make provision for reserve account contributions. However, there has not previously been any requirement that such contributions actually be made. This is a significant issue during years when operating expenses in excess of those projected would cause a budgeted reserve contribution to become impossible to make without requiring owners to pay a special assessment or forego services. The present statute allows a board of directors to budget for reserves, and to increase assessments accordingly, as needed, without obeying any requirement to obtain owner approval for such increases. Thus, there is no reason not to require also—as does HB 534—that amounts budgeted to be contributed to reserves actually be deposited into the community association’s reserve accounts.

Inasmuch as HB 534 satisfactorily addresses both of the foregoing concerns, we request a **favorable** recommendation by this Committee.

Thank you for your time and attention to this important legislation. We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at [lisa.jones@mdlobbyist.com](mailto:lisa.jones@mdlobbyist.com), or Steven Randol, Chair of the MD-LAC, 410-279-8054, or by e-mail at [srandol@pineorchard.com](mailto:srandol@pineorchard.com), or Scott Silverman, of the MD-LAC, at 301-251-1414, or by e-mail at [ssilverman@schildlaw.com](mailto:ssilverman@schildlaw.com)

Sincerely,

*Scott J. Silverman*

Scott J. Silverman, Esq.  
Member, CAI MD-LAC

*Steven Randol*

Steven Randol  
Chair, CAI MD-LAC