



House Bill 281 – Cooperative Housing Corporations, Condominiums, and Homeowners Associations – Funding of Reserve Accounts

Position: Support

Maryland REALTORS® supports HB 281, which extends the deadline for Common Interest Communities to fully fund their reserve accounts.

In 2022, the General Assembly passed a statewide requirement that all condo and homeowner’s associations regularly conduct a reserve study, which evaluates the association’s ability to pay for future financial obligations like maintenance and repairs. If the study determines that an association’s financial reserves are insufficient, the unit owners may face increases in their monthly fees or special assessments to recapitalize the accounts.

Since then, REALTORS® have heard of some associations which have imposed sharp increases in fee amounts charged to homeowners, due to the large unmet capital needs of these communities. These fee amounts can be difficult for those on fixed incomes to absorb, especially during this time of higher-than-average inflation. What’s more, there is concern that associations which are not able to meet necessary reserve amount funding by the statutory deadline will face difficulties in obtaining mortgages or insurance coverage for residential units within the community.

Giving associations additional time to fully fund their reserve accounts will moderate these increases on residents while still ensuring that the communities remain financially and structurally sound. REALTORS® recommend a favorable report on HB 281.

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