

## **Vote NO for HB281 as Amended**

**This bill as written should not be passed into law with its present requirements for HOAs.**

- 1. There is no law in Maryland mandating nonprofitw (501©3, 4, or 6) to be required to have a reserve account of a certain amount by a certain date. *Legislating the finances of HOAs and Condos is over-stepping into the business of a nonprofit board.***
2. Having a reserve account is a must—but this does not need to be “mandated” in legislation. A nonprofit board can decide when and how much is required for its account based on the needs of each organization/property and the reserve study. One size does not fit all!
3. The state is attempting to legislate the finances and plans of these nonprofit organizations without having enough information about each group. As the bill’s fiscal/policy note states, none of the 7000+ organization are registered with the state because no system has been set up.
4. The state should not be passing a reserve account model based on what is being used in Prince George’s County. Every jurisdiction is different—every HOA and condo is different based on its age, developer agreements and reserve account components.
5. County and state officials, and cooperative properties should be meeting and reviewing their agreements regularly and what components that were originally set forth. If HB280 passes, there will hopefully be a way to offer support to HOAs and condos for capital needs.
6. Older HOAs have four times as many components to maintain than newer HOAs. HB281 will hurt these older communities and not help them. Fees will have to be raised so high that it could become more than a second mortgage for each homeowner.
7. The reserve study provided to KCTHA2 was not favorably received by our board. For us to raise almost \$1million from our homeowners is not prudent in this community. It will cause more homeowners to not pay their HOA fees. Since 2008 and through COVID our list of outstanding HOA fees due has more than doubled. Passing HB281 will make it much worse.

*Please amend HB281 to remove the requirement of mandating a certain reserve amount by the end of each fiscal year for HOAs.*

As a previous Executive Director and/or board member for a 501c3s, our boards never allocated funds to the reserve amount until a few months after the close of a fiscal year—and sometimes, we could not meet our planned goal depending on our financial position. *Delegate Holmes indicated in our meeting with him, that HOAs would have to borrow money to meet the state’s mandate if our homeowners could not pay. This is not right.*

**Let us see how HB280 does with funding in each county first before making HB281 a law. Perhaps there will be a new way of constructing the intention of this reserve account bill. Thank you.**

**Sincerely**

**Sonia Socha, KCTHA VP/Treasurer**