

**Please vote NO for HB281.**

My name is Nancy Costello and I am a long-time citizen of Baltimore County. I am also a newly elected President of our HOA board for Kings Court Townhouse #2 Association, and have served on the board for four years. I and our board have several concerns about HB281 becoming law. HB281 in its amended version will have a negative impact on our 222 community homes and families. HOAs are very different from Condos and Coops. I did give testimony on HB281 on February 6, 2024 in ENT.

### **HB281: Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Funding of Reserve Accounts**

For 45 years and now being one of the first HOAs in Baltimore County, **KCTHA2 (501c4 nonprofit)** has been managing its community without support or a mandate from the State. We have a Reserve Account. They are necessary. However, the **board and property management company should decide the amount of a reserve account and NOT BE MANDATED** through a requirement by a law from the State of Maryland.

**KCTHA2 reserve study amount approaches \$1million! This is not a possible mandated amount for this HOA to collect from 222 homeowners regardless of a change to 5 years. Many homeowners are already in arrears with increased HOA fees and special assessments/lawyers and could default with the higher fees our HOA will have to apply to meet the requirement of this proposed law.**

**\*The State of Maryland does NOT regulate 501c3 nonprofits with a mandate to have a reserve account and a required amount by a certain date in the fiscal year. It should be no different for a 501c4 and HOAs.**

**\*Although we met the requirement for having the Reserve Study, the unexpected cost of \$2,500 has to be paid from our repair fund line. The HOA could have used that money elsewhere as projects were determined. Our HOA board is informed and aware of what needs to be done in the community.**

**\*An HOA should not be bound to the same laws, operation, and reserve requirements as a Condo. HOAs do not have the same risk management concerns/issues that Condos have relating to the need and timing of structural improvements of a building where residents live.**

**\*Although it may be in the future (HB280) that an HOA could apply to their County for assistance for capital projects, our HOA believes that the County(ies) may not approve creating the fund. Many Counties are struggling with the financing of the Kerwin school bill and other issues. It may take a long time before any County wants to take on what HB280 is stating. What happens if they do not want to create the fund?**

**PLEASE VOTE NO TO HB281 with its new amendments.**

**HOAs should not be “MANDATED” to have a RESERVE ACCOUNT with A CERTAIN AMOUNT” to be deposited by the end of a fiscal year. HOA Boards have the responsibility to determine this based on their annual plans and financial circumstances. One size does not fit all. The study done in 2005 is twenty years old and now outdated—and, this law should not be based on what Prince Georges County has done.**

Sincerely,

Nancy Costello, KCTHA Board President