



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

Position: Support

Maryland REALTORS® supports HB 281, as amended by the House of Delegates, to extend the deadline for Common Interest Communities to fund their reserve accounts and provide needed clarity on the terms of that funding commitment.

In 2022, the General Assembly passed a statewide requirement that all condominium 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. 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 is 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.

Other measures introduced in the 2024 Session included exemptions for developments under a certain number of units. However, even small developments may have facilities impacting the health and safety of residents, including stormwater retention facilities or retaining walls, which if not maintained can place them at risk. HB 281 does not contain those exemptions, which REALTORS® believe is the correct approach.

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

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