



**House Bill 1133 – Common Ownership Communities - Reserve Studies - Annual Revisions**

**Position: Support**

Maryland REALTORS® supports 1133, which grants additional flexibility to Common Interest Communities on using funds from 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 learned some associations have imposed sharp increases in fee amounts charged to homeowners, due to the large unmet capital needs of these communities. We have also learned that some communities are facing hardships in adjusting reserve contributions after making necessary repairs and upgrades that extend the useful life of systems covered in the reserve study, resulting in higher than necessary payments by association members.

Giving associations additional flexibility on accounting for common system improvements will moderate these increases on residents while still ensuring that the communities remain financially and structurally sound. REALTORS® recommend a favorable report on HB 1133.

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