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January 23, 2025

Delegate Marc Korman, Chair
Delegate Regina T. Boyce, Vice-Chair
House Environment & Transportation Committee
250-251 Taylor House Office Building
Annapolis, Maryland 21401

Re: House Bill 292 (Cross-filed with SB 63)
Cooperative Housing Corporations, Condominiums and
Homeowners Associations – Funding of Reserve Accounts
Hearing Date: January 24, 2025 – 2:30 p.m.
Position: Support with Amendment

Dear Chairman Korman, Vice-Chair Boyce,
and Members of the Environment & Transportation Committee:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland.

We write on behalf of the Maryland residents statewide who reside in common ownership communities to offer our support for the above-referenced legislation, which is scheduled for hearing before your Committee on **Friday, January 24, 2025, at 2:30 p.m.**

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Community Associations Institute

In the time that has passed since the General Assembly's adoption of legislation mandating the funding of replacement reserve accounts statewide, we have had many interactions with community association board members and professional managers regarding the intricacies of compliance with the new law. In that context, several important concerns emerged, which have, with minor exception, been addressed by the proposed HB 292.

Notwithstanding the progress that the passage HB 292 would represent, there is a new requirement included in the proposed bill that would amend Section 11-109.2 of the Maryland Condominium Act and 11B-112.2 of the Maryland Homeowners Association Act to require a condominium or homeowners association, respectively, to "review the reserve study annually for accuracy." Although the intended language would achieve parity with Section 5-6B-26.1 of the Maryland Cooperative Housing Act, which already includes the same language, we are concerned that a condominium or homeowners association, which is governed by lay volunteers, would not possess the capability to determine whether a replacement reserve study prepared by a qualified professional, as required by current law, was accurate. Moreover, the introduction of an undefined standard of accuracy is problematic and creates potential liability that is unintended in the context of a statute aimed at requiring community associations to do the right thing, unlike what happened in Florida when there was no such requirement. **Therefore, we propose that HB 292 be revised to include language amending all three statutes to require that the respective associations "cause the reserve study to be reviewed annually."** This language would alleviate any burden on lay volunteers by allowing them the option to retain a third party to conduct the required annual review for accuracy, or to delegate that function to a professional management agent.

Assuming the minor revision requested herein can be made, we request a **favorable** recommendation by this Committee. Thank you for your time and attention to this important legislation.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at lisa.jones@mdlobbyist.com, or Scott Silverman, of the MD-LAC at (410) 740-8100, ext. 108, or by e-mail at scott@naglezaller.com.

Sincerely,

Scott J. Silverman

Scott J. Silverman, Esq.
Member, CAI MD-LAC

Vickie Caine

Vicki Caine
Chair, CAI MD-LAC