

January 23, 2025

Environment and Transportation Committee

The Honorable Marc Korman, Jr Chair,
251 Taylor House Office Building
6 Bladen Street
Annapolis, Maryland 21401

410-841-3990

RE: HB 292 Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Funding of Reserve Accounts and Preparation of Funding Plans

Dear Delegate Korman and Members of the Committee,

I am writing to you in support of HB 292. I had the honor of working with Del. Marvin Holmes in a small role helping to craft the language of the Reserve Study Bill HB 107. I have been active in the Reserve Study profession for over 25 years and have been asked to contribute my expertise in Reserve Study legislation for the Commonwealth of Virginia and the Commonwealth of Delaware. I have served on the Community Associations Institute's (CAI) Board of Trustees and was selected to serve as a Co-Chair of CAI's Taskforce on Reserves, Maintenance, and Building Safety.

While I am in general agreement with the Bill, there are a couple of detail issues that I see that need to be addressed. The first issue is in Section 5-6B-26.1 where it specifies "SQUARE FEET". This should read "QUANTITY". Not all components are measured in square feet. Some are measured as "each" or "square yards", etc. This same error appears in the sections on Condominiums and on Homeowner associations.

Later in this same section, the phrase "IF THE ESTIMATED REPLACEMENT COST IS GREATER THAN \$10,000 AS DETERMINED BY THE MOST RECENT RESERVE STUDY OR UPDATED RESERVE STUDY". The \$10,000 was originally the minimum amount of the total replacement costs of all components which determined whether a smaller association was required to conduct a Reserve Study. The way the bill is written it could be interpreted to mean that any component whose replacement cost was under \$10,000 would not be included in the Reserve Study. This same error appears in the sections on condominiums and homeowner association.

Under Section 11B-112.3 (b) (1) (ii) "For which the total initial purchase and installation cost for all components identified in (A) of this section is at least \$10,000. The phrase "total initial purchase and installation costs" needs to be modified to read "total replacement costs". This is because the initial purchase and installation cost does not include demolition and disposal costs, which can be substantial.

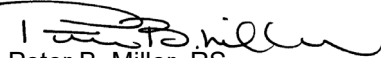
I would leave out the word "fully" in the following section: **(G) (1) THE GOVERNING BODY OF A COOPERATIVE HOUSING CORPORATION SHALL, IN CONSULTATION WITH A PERSON IDENTIFIED UNDER SUBSECTION (D)(1) OF THIS SECTION, DEVELOP A FUNDING PLAN TO DETERMINE HOW TO FULLY FUND THE RESERVES NECESSARY UNDER THIS SECTION.** The word "fully" is a loaded term in our profession. It may be, and has been, mistakenly interpreted to refer to the "Component or Full Funded Method". This word is not needed in this section since the sentence already states "reserves necessary under this section. This same error appears in the sections on condominiums and on Homeowner associations.

Thank you for allowing me to submit this letter for your consideration. A highlighted copy of the Bill, along with my CV is attached herein.

If I can be of further service, please do not hesitate to contact me. Delegate Holmes can provide you with my direct contact information.

Respectfully Submitted,

MILLERDODSON ASSOCIATES



Peter B. Miller, RS
Principal

Attachments: Highlighted copy of HB 292
Professional CV