

Vicki Caine, Chair
Igor Conev, CMCA, AMS, PCAM, CIRMS, Vice Chair
Brenda Wakefield, CMCA, AMS, Secretary

Marie Fowler, PCAM, Treasurer
Charlene Morazzani Hood, PCAM, MS,
Asst. Treasurer

Hillary A. Collins, Esq., Member
Julie Dymowski, Esq., Member
Kathleen M. Elmore, Esq., Member
Cynthia Hitt Kent, Esq., Member
Barbara Leonard, Member
Chris Majerle, PCAM, Member

Robin Manougian, CIRMS, Member
John Oliveri, Esq., Member
Nura Rafati, Esq., Member
Susan Saltsman, CMCA, AMS, Member
Scott Silverman, Esq., Member
Ellen Throop, Esq., Member
Tricia A. Walsh, CISR, Member

February 24, 2025

marc.korman@house.state.md.us
regina.boyce@house.state.md.us

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

Re: House Bill 1041
Homeowner Associations – Reserve Funding Requirement
Hearing Date: February 25, 2025, 1:00 p.m.
Position: Oppose

Dear Chair Korman, Vice-Chair Boyce, and Members of the Environment and 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.

MD-LAC **opposes** HB 1041 as drafted. As proposed, HB 1041 would permit the governing body of a homeowners association—but, inexplicably, not a condominium or cooperative housing association—to deviate from making otherwise statutorily-mandated contributions to its replacement reserve accounts to fund fully the recommendations set forth in its reserve study. The homeowners association would be allowed to deviate from the funding of reserves for up to three (3) years, with the proviso that it implement a “recovery funding plan”. However, the bill

Maryland Legislative Action Committee
Post Office Box 6636
Annapolis, Maryland 21401

includes no definition or criteria for the creation of a “recovery funding plan”, nor does it make any requirement to contribute to the replacement cost of essential items. Finally, the “exigent circumstances” for which a “recovery funding plan” would be permitted are defined to include occurrences against which the homeowners association would be insured, in which case the association would not be deprived of funds otherwise dedicated to the funding of replacement reserves

In addition to the foregoing, the proposed bill does not consider limitations in homeowners associations’ governing documents which would impose a cap on increases in annual assessments that would hamper the association’s ability to catch-up on contributions from which permissible deviations were made. Finally, there is no mechanism for how the recovery plan will be monitored or by what entity, or whether there would be a penalty imposed upon on a homeowners association if it did not follow the “recovery funding plan.” Simply put, the bill lacks sufficient detail to assess whether a permissible “recovery funding plan” would benefit or handicap a homeowners association, while substantially undercutting the objectives of the proactive Reserve Study and funding laws recently adopted.

Finally, there is other legislation now pending (i.e., HB 292/SB 63), which is far more comprehensive than the instant bill, includes a mechanism to provide relief in the event of “exigent circumstances”, and is actively supported by CAI. We intend to advocate strongly for the passage of HB 292/SB 63, while seeking to eliminate competing legislation, like this bill, which falls far short of what needs to be accomplished to provide clarity and guidance to all community associations seeking to comply in good faith with reserve study and funding mandates enacted for the protection of their owners and residents.

Thank you for your time and attention to review this information.

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, Marie Fowler at 301-596-2600 ext 4210 or by e-mail at mfowler@cviinc.com, or Vicki Caine at 215-806-9143 or by e-mail at vcaine1@gmail.com.

Sincerely,

Marie Fowler

Marie Fowler
Treasurer, MD-LAC for CAI

Vicki Caine

Vicki Caine
Chair, CAI MD-LAC