



Senate Bill 787 – Cooperative Housing Corporations and Condominiums - Funding of Reserve Accounts and Timing of Reserve Studies

Position: Support with Amendments

Maryland REALTORS® supports efforts to help Common Ownership Communities fully fund their reserve accounts. However, we caution against creating exemptions to the reserve study requirement for both resident safety and the ability to conduct real estate transactions in that development.

In 2022, the General Assembly passed a requirement that associations regularly conduct reserve studies, which evaluate the 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.

Some associations have imposed sharp increases in fee amounts charged to homeowners, due to the large unmet capital needs of these communities. Extending the timeline that associations have to fund these accounts will help associations to reduce the impacts of new assessments or dues increases.

On the other hand, exempting communities from reserve study requirements can place residents in dangerous housing conditions. Even small associations can have facilities that impact resident health and safety, including bridges, stormwater retention or retaining walls. A more appropriate exemption, if there is to be one, should be based on the type of facilities maintained by the association rather than the size of the development itself.

REALTORS® remain committed to working with the General Assembly on solutions to minimize the impacts of reserve study requirements on community residents, while also protecting their safety and the equity in their most valuable asset.

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