



## **House Bill 435 – Real Property - Insufficient Condominium Reserve Account Grant Fund - Establishment**

### **Position: Support with Amendments**

Maryland REALTORS® supports efforts to help Common Interest Communities to fully fund their reserve accounts, such as HB 435. However, we believe the number of grant applicants eligible for assistance may overwhelm any funding amounts allocated to the Reserve Account Grant Fund. Therefore, may need to be scaled back to serve just low-income seniors to ensure that those with the greatest need are able to access assistance.

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. These fee amounts can be difficult for those on fixed incomes to absorb, especially during this time of higher-than-average inflation. What’s more, there is concern that associations which are not able to meet necessary reserve amount funding by the statutory deadline will face difficulties in obtaining mortgages or insurance coverage for residential units within the community.

Giving assistance to low-income seniors to meet their increased assessments will help them to remain in their homes and their developments to remain safe and fiscally sound. With these considerations, REALTORS® recommend a favorable report on HB 435.

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