



**Senate Bill 576 – Homeowners Associations - Reserve Funding Requirements – Exemption**

**Position: Support with Amendments**

Maryland REALTORS® supports SB 576, which allows Condominium and Cooperative Associations facing financial difficulties to develop alternate funding plans for their required reserves. We believe that this flexibility should also be granted to all types of Common Interest Communities, by also inserting these provisions into code sections governing Homeowners' Associations as well.

Association reserve studies evaluate 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.

With association residents already burdened by reserve contributions, facing damages from a natural disaster or financial malfeasance could result in funding requirements well beyond their ability to pay. Giving associations additional flexibility to meet required reserves will minimize financial impacts on residents while still ensuring that the communities remain financially and structurally sound.

With the above amendment to include all Common Interest Community types, REALTORS® recommend a favorable report on SB 576.

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