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February 19, 2026

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 615 – Common Ownership Communities – Reserve Accounts and Reserve Studies - Alterations (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 615 submitted by Senators Chris West and Mary Beth Carozza. This bill would require reserve amounts for capital components to be listed in the annual budget. The bill would further require that, if a deviation from the amount funded for a capital component is made, that the reserve account amount to be repaid be recalculated to ensure that sufficient funds exist when the component part reaches the end of its useful life. This bill would also require that the vote for a financial hardship extension be made by two thirds vote of the majority of the community rather than by the governing body.

Legislation passed last session permitted an association to seek an extension of the time period to comply with the reserve study requirements if the community experienced a financial hardship. Under that legislation, the governing body makes the determination if a financial hardship exists. Senate Bill 615 amends the law so that the determination of whether a financial hardship exists is voted on by a substantial majority of the community as opposed to the governing body.

Reserve funds are savings set aside for major repairs and replacement of common shared components of an association. These funds help to prevent large special assessments, ensure timely maintenance is performed, and keep the community financially stable. Therefore, the

decision to extend the period of time to comply with the law's requirements should not be taken lightly and should require approval by a vote of the homeowners—not just by the Board. Major financial decisions should remain in the hands of the community to ensure that transparency and accountability are maintained.

This bill further ensures that if reserve funds are used in a manner other than originally specified for a capital component, the amount that must be added back to the reserve fund should be recalculated to ensure sufficient funding at the time the component reaches the end of its useful life. This will provide the financial stability that the reserve fund is intended to ensure.

For these reasons, we ask that the Judicial Proceedings Committee return a favorable report on this bill.

cc: The Honorable Chris West
The Honorable Mary Beth Carozza
Members, Judicial Proceedings Committee