

Executive Committee

Igor Conev, CMCA, AMS, PCAM, CIRMS – Chair	Scott J. Silverman, Esq. – Vice Chair
Susan Grace Saltsman, CMCA, AMS – Federal Liaison	Brenda Wakefield, CMCA, AMS – Secretary
Cynthia Hitt Kent, Esq. – Assistant Secretary	Marie Fowler, CMCA, AMS, PCAM – Treasurer
Tricia A. Walsh, CISR – Assistant Treasurer	

LAC Membership

Hillary A. Collins, Esq.	Barbara Leonard
Nura Rafati, Esq.	Angela Vazquez, CMCA, AMS, PCAM
Vicki Caine	John Latham
John M. Oliveri, Esq.	Chris C. Petrik, CMCA, AMS, PCAM
Ellen Throop, Esq.	Sandra Utley
Katleen Elmore, Esq. (Emeritus Member)	Sara H. Arthur, Esq. (Non-Voting Member)
Robin C. Manougian, CIRMS, EBP	Julianne Dymowski, Esq.
Charlene Morazzani Hood, MS, MS, CMCA, AMS, PCAM (Emeritus Member)	

February 16, 2026

will.smith@senate.state.md.us
jeff.waldstreicher@senate.state.md.us

Senator William C. Smith, Jr., Chair
Senator Jeff Waldstreicher, Vice-Chair
Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401

Re: Senate Bill 576
Cooperative Housing Corporations and Condominiums –
Emergency Use of Reserve Funds
Hearing Date: February 18, 2026 – 1:00 p.m.
Position: Oppose

Dear Chair Smith, Vice-Chair Waldstreicher and Judicial Proceedings Committee Members:

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.

Since June 2021, the General Assembly has worked conscientiously to adopt legislation that regulates the creation and funding of replacement reserve funds. Last year, to the relief of the MD-LAC, Maryland passed the current iteration of a law that permits a community association’s governing body to borrow from accumulated replacement reserves when necessary to cover exigent and unbudgeted expenses; provided, however, that any loan from reserves is repaid within five (5) years. Current law imposes no other restriction upon the authority to borrow from reserves.

Page 2, Senate Bill 576
Community Associations Institute

Although MD-LAC is unaware of specific examples of a governing body having abused its discretion in the context of borrowing from or repayment of replacement reserves, the instant bill, sponsored by Senator Jennings, seeks to condition any such loan upon the prior approval of members in good standing having at least two-thirds (2/3) of the votes in the association. Ironically, by imposing a requirement to obtain unit owner approval, the instant bill risks the recurrence of the tragic consequences that a reserve study and replacement reserve funds are intended to prevent.

Champlain Towers, the Surfside, Florida, condominium where the 2021 collapse occurred, had previously hired an engineering company out of Glencoe, Maryland, to assess the issues at the building. The company, Morabito Consultants, identified critical problems in 2018 — nearly three years before the building's collapse — but the Champlain Towers' board could not act on their recommendations because, at the time, the Florida law that required condominiums to set aside funds for capital improvements included a provision whereby unit owners with at least 51% of the vote of the condominium could vote to waive the funding of such improvements. Year after year, various boards of directors at Champlain Towers pleaded with unit owners to approve reserve funding. In a letter written by the condominium's president in September 2019, she expressed her frustration that she could not get unit owners to approve much-needed, engineer-recommended repairs. In that same letter, the president announced her resignation from the board. Sadly, approximately two years later, on June 21, 2021, the building collapsed, and the lives of 98 people were lost.

Not surprisingly, following the collapse of the Surfside condominium building, Florida passed SB 4-D and later SB 154, which changed the laws concerning the creation and use of replacement reserve funding. As of 2025, Structural Integrity Reserve Studies (SIRS) are required for all Florida condominiums; and, for many buildings, the funding of reserve accounts to cover the replacement of critical structural components can no longer be waived, regardless of the expressed preferences of the condominium's unit owners. In addition, the boards of directors managing, operating, and governing condominiums in Florida have specific *authority*, as set forth in Florida Statute 718.1265, to expend condominium common funds, when required, on an emergency basis. When a state of emergency is declared by a board of directors, the same board can levy special assessments and/or borrow money — without a unit owner vote — to fund urgent repairs and mitigate further damage caused by the occurrence of said emergency.

Most worrisome about the instant SB 576, is that, while Maryland now has robust reserve study and reserve funding laws, a board of directors' ability to access funds on an emergency basis would be unnecessarily and unreasonably limited if SB 576 were to become law. Please recall that the collapse of Champlain Towers occurred due to a confluence of several factors, including age of the building, poor construction, the existence of construction defects and deficiencies (too many supports in some areas and not enough others, and poor concrete-to-rebar ratios), difficult weather conditions, poor soil conditions, and additional weight from planters on the pool deck,

Page 3, Senate Bill 576
Community Associations Institute

where the collapse started. By far the most detrimental factor was the existence of statutory provisions that allowed the unit owners to frustrate if not prevent the good intentions and fiduciary responsibility of the condominium association's boards of directors.

With the average condominium building(s) in the United States now being at least thirty (30) years old, urgent repairs, whether planned and funded through the reserve study or recently discovered but requiring immediate attention, will become more commonplace. Tying the hands of a governing body that attempts to address such matters promptly will only make the recurrence of a Surfside-type disaster more likely.

For the foregoing reasons, MD-LAC asks that this Committee return an **unfavorable** report for the proposed SB 576.

Sincerely,

Scott J. Silverman

Scott J. Silverman, Esquire
Vice-Chair, CAI MD-LAC

Igor Conev

Igor Conev, CMCA, MAS, PCAM, CIRMS
Chair, CAI MD-LAC

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than fifty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose, state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.