

Board of Directors  
Leisure World Community Corporation

3701 Rossmoor Boulevard  
Silver Spring, MD 20906

**TESTIMONY OF THE LEISURE WORLD COMMUNITY CORPORATION  
ON FEBRUARY 18, 2026  
BEFORE THE SENATE JUDICIAL PROCEEDINGS  
SB 576 – COOPERATIVE HOUSING CORPORATIONS AND CONDOMINIUMS -  
EMERGENCY USE OF RESERVE FUNDS**

**UNFAVORABLE**

Honorable Chair William C. Smith, Vice-Chair Jeff Waldstreicher, and Members of the Senate Judicial Proceedings Committee:

This testimony is being submitted on behalf of the Leisure World Community Corporation. The Leisure World Community Corporation is a master homeowners association consisting of 29 common ownership communities: 27 condominiums, 1 cooperative, and 1 home owner association. It is a senior (55+) adult community in Silver Spring Maryland, located on 610 acres. More than 8500 residents live in Leisure World.

Under current law both the Maryland Cooperative Housing Corporation Act and the Maryland Condominium Act provides that the governing bodies have the authority to use reserve funds for purposes other than those specified in the funding plan if the funds are repaid to the reserve fund within 5 years after their use.

SB 576 changes the authority for using reserve funds from the governing bodies to the unit owners of condominiums and members of cooperatives. In addition, it requires approval of two-thirds of the members of the cooperative or unit owners of the condominium to depart in an emergency. It is not clear if that is two-thirds of all members and unit owners or just two-thirds of members or unit owners voting in a meeting. If it means all, then for many condominiums and cooperatives it will be essentially impossible to achieve a timely vote in an emergency especially for buildings with seniors that may have many snow birds who may not be readily available.

In any event, it is the governing bodies that should be making the decision to use funds from the reserves not the members and unit owners of the condominium or cooperative. The governing body was elected to represent them. The governing bodies have a fiduciary obligation to look out for the best interest of the condominium and cooperative as well as

their members and unit owners. Moreover, it is the governing bodies that has the obligation to review annually the reserve fund studies, update it as warranted, and approve the fund amounts and collection process. The governing bodies are in the best position to judge if there is a need to depart from the funding plan and assure there is a mechanism to pay back the funds within the required five-year period. **The bill should maintain the current requirement for the governing bodies to decide whether to depart from the reserve funding plan.**

Furthermore, the term “emergency” needs to be defined. In a true emergency, there would be no time to initiate a voting of all the members or unit owners of the condominium or cooperative as emergencies require a quick response by the governing bodies and their management teams, particularly in life-threatening situations. Taking the time to prepare, distribute and count votes in an emergency may be too late.

It should also be noted that as provided by current law there may be other reasons to depart from the reserve funding plan such as changed circumstances since the plan was last reviewed. **If a limitation is needed, and Leisure World does not support a limitation, the “emergency” term should be amended to add flexibility by using instead the term “exigency” as it implies urgency based on the circumstances.**

For these reasons, Leisure World recommends that the committee issue an unfavorable report on this bill.

Respectfully submitted,

Colette Collier Trohan  
Chair of the Board of Directors  
Leisure World Community Corporation