



To: Maryland CAI Membership and Advocates

Subject: HB 107 – Reserve Studies and Funding Becomes Law!

CAI's Maryland Legislative Action Committee (LAC) is pleased to announce the enactment of [HB 107 - Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Reserve Studies – Statewide](#). The bill requires the governing body of certain cooperative housing corporations, condominiums, or homeowners associations to have a reserve study conducted of the common areas and update the study every five years. It also imposes certain annual budget requirements related to cooperative housing corporation, condominium, or homeowners association.

### **Background**

In response to the devastating partial collapse of the Champlain Towers South Condominium Association in Surfside, Fla., last summer, the Maryland General Assembly, with the leadership of the Maryland LAC, enacted new legislation that makes obtaining and funding replacement reserve studies applicable to condominiums, cooperatives, and homeowners' associations statewide a requirement. Effective October 1, 2022, the legislation includes a framework largely based on [CAI condominium safety public policy](#) recommendations for reserve studies and funding. Learn more about CAI's additional condominium safety resources [here](#).

### **What HB 107 Means for Your Community Association**

Under the newly adopted law, community associations who have not obtained a replacement reserve study (or update) since October 1, 2016, are required to do so within one year of the effective date of the statute. Then, by no later than the third annual budget cycle following receipt of an initial reserve study, the community association is required to allocate sufficient funds to meet 100% of the recommended funding level in the initial reserve study. Going forward, replacement reserve studies must be updated at least once every five years, and any increased funding recommendations made in the updated studies must be fully funded in the first budget cycle following receipt of the updated study. "Having funded, up-to-date reserves are part of an association's overall financial strength, making it attractive to owners, lenders, and avoiding the need for special assessments," says Maryland LAC Chair, Steve Randol of Piney Orchard Community Association in Odenton, Md.

The law also requires that professionals who author reserve studies participate in the preparation of at least thirty such studies in the preceding three-year period while employed by a firm that prepares such studies and hold an architect's or engineer's license or has been certified by the Community Association Institute or Association of Professional Reserve Analysts.

A special thanks to CAI's Maryland LAC members, and lobbyist, Lisa Harris Jones, for supporting strong and sensible public policy for community associations over the last several years.

Read the [2022 Maryland End of Legislative Session Report](#) to learn the other efforts made by LAC and what additional bills were passed this spring in Maryland impacting the community association housing model. If you have any questions, please contact us at [government@caionline.org](mailto:government@caionline.org).

Sincerely,

CAI's Maryland Legislative Action Committee