

Maryland Reserve Study Requirements – affecting Signal Hill HOA

https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_664_hb0107e.pdf

(House Bill 107) AN ACT concerning Cooperative Housing Corporations, Condominiums, and Homeowners Associations – Reserve Studies – Statewide

FOR the purpose of making statewide certain provisions relating to reserve studies; requiring the governing body of certain cooperative housing corporations, condominiums, or **homeowners associations** to have a reserve study conducted of the common elements of the cooperative housing corporation, condominium, or homeowners association and to update the study at certain intervals; imposing certain requirements relating to the annual budget of a cooperative housing corporation, condominium, or homeowners association; authorizing the governing body of a cooperative housing corporation, condominium, or homeowners association to increase a certain assessment; and generally relating to reserve studies and annual budgets of cooperative housing corporations, condominiums, and homeowners associations.

a) In this section, “reserve study” means a study of the reserves required for future major repairs and replacement of the common elements of a cooperative housing corporation that:

- (1) Identifies each structural, mechanical, electrical, and plumbing component of the common elements and any other components that are the responsibility of the cooperative housing corporation to repair and replace;
- (2) States the normal useful life and the estimated remaining useful life of each identified component;
- (3) States the estimated cost of repair or replacement of each identified component; and
- (4) States the estimated annual reserve amount necessary to accomplish any identified future repair or replacement.

If the governing body of a cooperative housing corporation has had a reserve study conducted on or after October 1, 2017, the governing body shall have an updated reserve study conducted within 5 years after the date of that reserve study, which shall be updated] AND at least every 5 years thereafter.

Each reserve study required under this section shall:

(1) Be prepared by a person who:

- (i) Has prepared at least 30 reserve studies within the prior 3 calendar years;
- (ii) HAS PARTICIPATED IN THE PREPARATION OF AT LEAST 30 RESERVE STUDIES WITHIN THE PRIOR 3 CALENDAR YEARS WHILE EMPLOYED BY A FIRM THAT PREPARES RESERVE STUDIES

Holds a bachelor’s degree in construction management, architecture, or engineering or equivalent experience and education;

(iii) Holds a current license from the State Board of Architects or the State Board for Professional Engineers; or

(iv) Is currently designated as a reserve specialist by the Community

Association Institute or as a professional reserve analyst by the Association of Professional Reserve Analysts;

(2) Be available for inspection and copying by any unit owner;

(3) Be reviewed by the governing body of the cooperative housing corporation in connection with the preparation of the annual proposed budget; and (4) Be summarized for submission with the annual proposed budget to the unit owners.

[(f)] (E) To the extent that a reserve study conducted in accordance with this section indicates a need to budget for reserves, the budget shall include:

(1) For the capital components, the current estimated:

- (i) Replacement cost;
- (ii) Remaining life; and
- (iii) Useful life;

(2) The amount of accumulated cash reserves set aside for the repair, replacement, or restoration of capital components as of the beginning of the fiscal year in which the reserve study is conducted and the amount of the expected contribution to the reserve fund for the fiscal year;

(3) A statement describing the procedures used for estimation and accumulation of cash reserves in accordance with this section; and

(4) A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves