

Bill No.: _____

Requested: _____

Committee: _____

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Stored – 11/02/21

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By: **Prince George’s County Delegation**

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George’s County – Cooperative Housing Corporations, Condominiums,**
3 **and Homeowners Associations – Reserve Studies**

4 **PG 403–22**

5 FOR the purpose of altering language relating to requirements for reserve studies for
6 cooperative housing corporations, condominiums, and homeowners associations in
7 Prince George’s County to be consistent with the corresponding requirements in
8 Montgomery County; and generally relating to reserve studies of cooperative housing
9 corporations, condominiums, and homeowners associations in Prince George’s
10 County.

11 BY repealing and reenacting, with amendments,
12 Article – Corporations and Associations
13 Section 5–6B–26.1
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Real Property
18 Section 11–109.4 and 11B–112.3
19 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2015 Replacement Volume and 2021 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
3 That the Laws of Maryland read as follows:

4 **Article – Corporations and Associations**

5 5–6B–26.1.

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

9 (1) Identifies each structural, mechanical, electrical, and plumbing
10 component of the common elements and any other components that are the responsibility
11 of the cooperative housing corporation to repair and replace;

12 (2) States the normal useful life and the estimated remaining useful life of
13 each identified component;

14 (3) States the estimated cost of repair or replacement of each identified
15 component; and

16 (4) States the estimated annual reserve amount necessary to accomplish
17 any identified future repair or replacement.

18 (b) This section applies only to a cooperative housing corporation in Prince
19 George’s County or Montgomery County.

20 (c) (1) This subsection applies only to a cooperative housing corporation
21 established in:

22 (i) Prince George’s County on or after October 1, 2020; or

23 (ii) Montgomery County on or after October 1, 2021.

24 (2) The governing body of the cooperative housing corporation shall have
25 an independent reserve study completed not less than 30 calendar days before the first

1 meeting of the cooperative housing corporation at which the members other than the owner
2 have a majority of votes in the cooperative housing corporation.

3 (3) (i) In Prince George’s County, the governing body shall have [a] AN
4 **UPDATED** reserve study completed within 5 years after the date of the initial reserve study
5 conducted under paragraph (2) of this subsection [and], **WHICH SHALL BE UPDATED** at
6 least every 5 years thereafter.

7 (ii) In Montgomery County, the governing body shall have an
8 updated reserve study completed within 5 years after the date of the initial reserve study
9 conducted under paragraph (2) of this subsection, which shall be updated at least every 5
10 years thereafter.

11 (d) (1) (i) This paragraph applies only to a cooperative housing corporation
12 established in Prince George’s County before October 1, 2020.

13 (ii) If the governing body of a cooperative housing corporation has
14 had a reserve study conducted on or after October 1, 2016, the governing body shall have
15 [a] AN **UPDATED** reserve study conducted within 5 years after the date of that reserve
16 study [and], **WHICH SHALL BE UPDATED** at least every 5 years thereafter.

17 (iii) If the governing body of a cooperative housing corporation has
18 not had a reserve study conducted on or after October 1, 2016, the governing body shall
19 have a reserve study conducted on or before October 1, 2021, [and] **WHICH SHALL BE**
20 **UPDATED** at least every 5 years thereafter.

21 (2) (i) This paragraph applies only to a cooperative housing corporation
22 established in Montgomery County before October 1, 2021.

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

27 (iii) If the governing body of a cooperative housing corporation has
28 not had a reserve study conducted on or after October 1, 2017, the governing body shall
29 have a reserve study conducted on or before October 1, 2022, which shall be updated at
30 least every 5 years thereafter.

- 1 (e) Each reserve study required under this section shall:
- 2 (1) Be prepared by a person who:
- 3 (i) Has prepared at least 30 reserve studies within the prior 3
4 calendar years;
- 5 (ii) Holds a bachelor's degree in construction management,
6 architecture, or engineering or equivalent experience and education;
- 7 (iii) Holds a current license from the State Board of Architects or the
8 State Board for Professional Engineers; or
- 9 (iv) Is currently designated as a reserve specialist by the Community
10 Association Institute or as a professional reserve analyst by the Association of Professional
11 Reserve Analysts;
- 12 (2) Be available for inspection and copying by any unit owner;
- 13 (3) Be reviewed by the governing body of the cooperative housing
14 corporation in connection with the preparation of the annual proposed budget; and
- 15 (4) Be summarized for submission with the annual proposed budget to the
16 unit owners.
- 17 (f) To the extent that a reserve study conducted in accordance with this section
18 indicates a need to budget for reserves, the budget shall include:
- 19 (1) For the capital components, the current estimated:
- 20 (i) Replacement cost;
- 21 (ii) Remaining life; and
- 22 (iii) Useful life;
- 23 (2) The amount of accumulated cash reserves set aside for the repair,

1 replacement, or restoration of capital components as of the beginning of the fiscal year in
2 which the reserve study is conducted and the amount of the expected contribution to the
3 reserve fund for the fiscal year;

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

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

8 (g) (1) The governing body of a cooperative housing corporation shall provide
9 funds to the reserve in accordance with the most recent reserve study and shall review the
10 reserve study annually for accuracy.

11 (2) The governing body of a cooperative housing corporation has the
12 authority to increase an assessment levied to cover the reserve funding amount required
13 under this section, notwithstanding any provision of the articles of incorporation, bylaws,
14 or proprietary lease restricting assessment increases or capping the assessment that may
15 be levied in a fiscal year.

16 **Article – Real Property**

17 11–109.4.

18 (a) In this section, “reserve study” means a study of the reserves required for
19 future major repairs and replacement of the common elements of a condominium in Prince
20 George’s County or Montgomery County that:

21 (1) Identifies each structural, mechanical, electrical, and plumbing
22 component of the common elements and any other components that are the responsibility
23 of the council of unit owners to repair and replace;

24 (2) States the normal useful life and the estimated remaining useful life of
25 each identified component;

26 (3) States the estimated cost of repair or replacement of each identified
27 component; and

1 (4) States the estimated annual reserve amount necessary to accomplish
2 any identified future repair or replacement.

3 (b) This section applies only to a condominium in Prince George’s County or
4 Montgomery County.

5 (c) (1) This subsection applies only to a condominium established in:

6 (i) Prince George’s County on or after October 1, 2020; or

7 (ii) Montgomery County on or after October 1, 2021.

8 (2) The governing body of the condominium shall have an independent
9 reserve study completed not less than 30 calendar days before the meeting of the council of
10 unit owners required under § 11–109(c)(16) of this title.

11 (3) (i) In Prince George’s County, the governing body shall have [a] **AN**
12 **UPDATED** reserve study completed within 5 years after the date of the initial reserve study
13 conducted under paragraph (2) of this subsection [and], **WHICH SHALL BE UPDATED** at
14 least every 5 years thereafter.

15 (ii) In Montgomery County, the governing body shall have an
16 updated reserve study completed within 5 years after the date of the initial reserve study
17 conducted under paragraph (2) of this subsection, which shall be updated at least every 5
18 years thereafter.

19 (d) (1) (i) This paragraph applies only to a condominium established in
20 Prince George’s County before October 1, 2020.

21 (ii) If the governing body of a condominium has had a reserve study
22 conducted on or after October 1, 2016, the governing body shall have [a] **AN UPDATED**
23 reserve study conducted within 5 years after the date of that reserve study [and], **WHICH**
24 **SHALL BE UPDATED** at least every 5 years thereafter.

25 (iii) If the governing body of a condominium has not had a reserve
26 study conducted on or after October 1, 2016, the governing body shall have a reserve study
27 conducted on or before October 1, 2021, [and] **WHICH SHALL BE UPDATED** at least every
28 5 years thereafter.

1 (2) (i) This paragraph applies only to a condominium established in
2 Montgomery County before October 1, 2021.

3 (ii) If the governing body of a condominium has had a reserve study
4 conducted on or after October 1, 2017, the governing body shall have an updated reserve
5 study conducted within 5 years after the date of that reserve study, which shall be updated
6 at least every 5 years thereafter.

7 (iii) If the governing body of a condominium has not had a reserve
8 study conducted on or after October 1, 2017, the governing body shall have a reserve study
9 conducted on or before October 1, 2022, which shall be updated at least every 5 years
10 thereafter.

11 (e) Each reserve study required under this section shall:

12 (1) Be prepared by a person who:

13 (i) Has prepared at least 30 reserve studies within the prior 3
14 calendar years;

15 (ii) Holds a bachelor's degree in construction management,
16 architecture, or engineering, or equivalent experience and education;

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

19 (iv) Is currently designated as a reserve specialist by the Community
20 Association Institute or as a professional reserve analyst by the Association of Professional
21 Reserve Analysts;

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

23 (3) Be reviewed by the governing body of the condominium in connection
24 with the preparation of the annual proposed budget; and

25 (4) Be summarized for submission with the annual proposed budget to the
26 unit owners.

1 11B-112.3.

2 (a) In this section, “reserve study” means a study of the reserves required for
3 future major repairs and replacement of the common areas of a homeowners association in
4 Prince George’s County or Montgomery County that:

5 (1) Identifies each structural, mechanical, electrical, and plumbing
6 component of the common areas and any other components that are the responsibility of
7 the homeowners association to repair and replace;

8 (2) States the estimated remaining useful life of each identified component;

9 (3) States the estimated cost of repair or replacement of each identified
10 component; and

11 (4) States the estimated annual reserve amount necessary to accomplish
12 any identified future repair or replacement.

13 (b) (1) This section applies only to a homeowners association in Prince
14 George’s County or Montgomery County that has responsibility under its declaration for
15 maintaining and repairing common areas.

16 (2) This section does not apply to a homeowners association that issues
17 bonds for the purpose of meeting capital expenditures.

18 (c) (1) This subsection applies only to a homeowners association established
19 in:

20 (i) Prince George’s County on or after October 1, 2020; or

21 (ii) Montgomery County on or after October 1, 2021.

22 (2) The governing body of the homeowners association shall have an
23 independent reserve study completed not more than 90 calendar days and not less than 30
24 calendar days before the meeting of the homeowners association required under §
25 11B-106.1(a) of this title.

1 (3) (i) In Prince George’s County, the governing body shall have [a] AN
2 **UPDATED** reserve study completed within 5 years after the date of the initial reserve study
3 conducted under paragraph (2) of this subsection [and], **WHICH SHALL BE UPDATED** at
4 least every 5 years thereafter.

5 (ii) In Montgomery County, the governing body shall have an
6 updated reserve study completed within 5 years after the date of the initial reserve study
7 conducted under paragraph (2) of this subsection, which shall be updated at least every 5
8 years thereafter.

9 (d) (1) (i) This paragraph applies only to a homeowners association
10 established in Prince George’s County before October 1, 2020.

11 (ii) If the governing body of a homeowners association has had a
12 reserve study conducted on or after October 1, 2016, the governing body shall have [a] AN
13 **UPDATED** reserve study conducted within 5 years after the date of that reserve study
14 [and], **WHICH SHALL BE UPDATED** at least every 5 years thereafter.

15 (iii) If the governing body of a homeowners association has not had a
16 reserve study conducted on or after October 1, 2016, the governing body shall have a reserve
17 study conducted on or before October 1, 2021, [and] **WHICH SHALL BE UPDATED** at least
18 every 5 years thereafter.

19 (2) (i) This paragraph applies only to a homeowners association
20 established in Montgomery County before October 1, 2021.

21 (ii) If the governing body of a homeowners association has had a
22 reserve study conducted on or after October 1, 2017, the governing body shall have an
23 updated reserve study conducted within 5 years after the date of that reserve study, which
24 shall be updated at least every 5 years thereafter.

25 (iii) If the governing body of a homeowners association has not had a
26 reserve study conducted on or after October 1, 2017, the governing body shall have a reserve
27 study conducted on or before October 1, 2022, which shall be updated at least every 5 years
28 thereafter.

29 (e) Each reserve study required under this section shall:

- 1 (1) Be prepared by a person who:
 - 2 (i) Has prepared at least 30 reserve studies within the prior 3
3 calendar years;
 - 4 (ii) Holds a bachelor’s degree in construction management,
5 architecture, or engineering or equivalent experience and education;
 - 6 (iii) Holds a current license from the State Board of Architects or the
7 State Board for Professional Engineers; or
 - 8 (iv) Is currently designated as a reserve specialist by the Community
9 Association Institute or as a professional reserve analyst by the Association of Professional
10 Reserve Analysts;
- 11 (2) Be available for inspection and copying by any lot owner;
- 12 (3) Be reviewed by the governing body of the homeowners association in
13 connection with the preparation of the annual proposed budget; and
- 14 (4) Be summarized for submission with the annual proposed budget to the
15 lot owners.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2022.