

J.B. JENNINGS
Legislative District 7
Baltimore and Harford Counties

Budget and Taxation Committee

Subcommittees

Capital Budget

Health and Human Services

Legislative Policy Committee



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Senator J.B. Jennings Proposes Legislation to Enhance Flexibility and Alter the Provisions of Reserve Funds

Annapolis, MD – Senator J.B. Jennings introduced *Senate Bill 787 - Cooperative Housing Corporations and Condominiums- Funding of Reserve Accounts and Timing of Reserve Studies*, a measure aimed at enhancing the financial planning flexibility of cooperative housing corporations and residential condominiums in Maryland. The bill aims to update existing laws governing reserve studies and funding requirements, ensuring a more balanced approach to long-term maintenance planning.

Under current law, cooperative housing corporations and condominiums must conduct reserve studies every few years and maintain reserve funds that are not feasible for many fixed-income residents. Senate Bill 787 introduces key reforms to provide greater flexibility while maintaining responsible financial management:

- **Extended Reserve Study Intervals** – The bill extends the timeframe for conducting updated reserve studies from 5 years to 10 years, providing cooperative housing corporations and condominiums with additional flexibility to plan and manage their finances, reducing financial strain on residents.
- **Applicability to Larger Properties** – The requirements apply specifically to cooperative housing corporations, associations and condominiums with four or more stories used for habitation or those containing four or more single-family units, targeting properties with substantial infrastructure demands.
- **Gradual Reserve Funding Compliance** – To address financial pressures faced by housing associations, the bill extends the timeline for achieving recommended reserve funding levels from 5 years to 10 years, offering a more feasible path to maintaining financial stability.

- **Refined Reserve Study Requirements** – Updates the current reserve study law to include only repair or replacement costs exceeding \$10,000, streamlining the scope and focus of required assessments.

Amendments to the bill will be introduced during the hearing to provide additional protections for residents covered under the reserve study requirements:

1. **Repair Cost Deduction:** The cost of any repair or replacement listed in the Reserve Study for a given year will be deducted from the estimated annual reserve amount. Once adjusted, the Association will be deemed “Fully Funded” for that year.
2. **Inclusion of Utility Lines:** All water and utility lines located within Association property must be included as a Reserve Study requirement.
3. **Involvement of Licensed Professionals:** Licensed professionals, including electricians, plumbers, and contractors accredited by the Maryland Home Improvement Commission, will be permitted to update quotes for items within their area of expertise. This allows Associations to address Reserve Study estimates with greater accuracy.

“Senate Bill 787 strikes a necessary balance between financial responsibility and flexibility,” said **Senator J.B. Jennings**. “This legislation ensures that cooperative housing corporations and associations and condominiums have the tools to plan effectively without being burdened by requirements that do not reflect their financial realities. My goal is to promote a sustainable and practical approach to infrastructure planning.”

Upon the introduction of the bill, **Baltimore Councilman David Marks** expressed his support, stating, “Modifying these requirements has been one of our priorities this year. At a time when so many property owners are facing new costs, this mandate needs to be changed.”

Once passed, Senate Bill 787 will empower property managers, board members, and residents to focus on long-term maintenance and sustainability while avoiding undue financial strain.

To testify in support of *Senate Bill 787 - Cooperative Housing Corporations and Condominiums-Funding of Reserve Accounts and Timing of Reserve Studies*, visit:

Bill Details: [Legislation – SB 787](#)

- **Hearing Date:** February 25, 2025, at 1:00 pm in the Senate Judicial Proceedings Committee.
- **Testimony Submission:** Written and oral testimony must be submitted on Friday, February 21, 2025, between 8:00 am and 6:00 pm.

For more information, please refer to the [Judicial Proceedings Committee FAQs](#).

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