

HB 3057 A STAFF MEASURE SUMMARY

Carrier: Sen. Linthicum

Senate Committee On Judiciary

Action Date: 05/04/17

Action: Do pass the A-Eng bill.

Vote: 5-0-0-0

Yeas: 5 - Dembrow, Linthicum, Manning Jr, Prozanski, Thatcher

Fiscal: No fiscal impact

Revenue: No revenue impact

Prepared By: Josh Nasbe, Counsel

WHAT THE MEASURE DOES:

Requires planned community homeowners association and condominium association to consider specified information when conducting annual review of reserve account for payment of shared expenses. Increases period of time following specified events, from 180 to 300 days, within which planned community homeowners associations and condominium associations must have financial statement reviewed by accountant.

ISSUES DISCUSSED:

- Purpose of reserve accounts and annual reviews

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Current law requires the person or entity creating a homeowners or condominium association, known as the declarant, to establish a reserve account on behalf of the association. The reserve account is thereafter maintained by the association and is intended to fund the association's shared major expenses and provide a basis for the association to accurately impose ongoing assessments on property owners. The association's board of directors is required to annually review the reserve account and project the association's future financial needs. House Bill 3057-A requires the association to consider specified information as part of this review, including current balances, estimated expenses and actual returns on investments.

In addition, the law requires large associations to provide a financial statement to an accountant for review annually, and smaller associations to do so following receipt of a petition signed by a majority of the homeowners. Currently, this must occur within 180 days from the end of the fiscal year or receipt of the petition, respectively. HB 3057-A extends this period to 300 days.