

# HOUSE BILL 1201

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HB 968/24 – ENT

6lr2110

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By: **Delegates Wivell, Baker, and Valentine**  
Introduced and read first time: February 11, 2026  
Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums and Homeowners Associations – Reserve Studies – Exemptions**

3 FOR the purpose of exempting condominiums under certain circumstances and certain  
4 homeowners associations from provisions of law pertaining to reserve studies; and  
5 generally relating to condominiums, homeowners associations, and reserve studies.

6 BY repealing and reenacting, with amendments,  
7 Article – Real Property  
8 Section 11–109.4 and 11B–112.3  
9 Annotated Code of Maryland  
10 (2023 Replacement Volume and 2025 Supplement)

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

13 **Article – Real Property**

14 11–109.4.

15 (a) (1) In this section the following words have the meanings indicated.

16 (2) “Reserve study” means a study of the reserves required for future major  
17 repairs and replacement of the common elements of a condominium that:

18 (i) Using an itemized list, identifies each structural, mechanical,  
19 electrical, and plumbing component of the common elements and any other components  
20 that:

21 1. Are the responsibility of the council of unit owners to  
22 repair and replace; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1                                   2.    If applicable, meet a minimum cost of repair or  
2 replacement, as determined by the governing body, that is:

3                                   A.    Reasonably based on the expenses of the condominium;  
4 and

5                                   B.    Not a minor expense that is otherwise addressed by the  
6 budget of the condominium;

7                                   (ii)   States the normal useful life and the estimated remaining useful  
8 life of each identified component;

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

11                                   (iv)   States the estimated annual reserve amount necessary to  
12 accomplish any identified future repair or replacement; and

13                                   (v)   States the quantity or size of each identified component using the  
14 appropriate measurement, such as unit amount, square footage, or cubic feet.

15                                   (3)   “Updated reserve study” means, for the common elements since the  
16 prior reserve study was completed within the previous 5 years, a study that:

17                                   (i)   Revises replacement cost, remaining life, and useful life  
18 estimates;

19                                   (ii)   Analyzes work performed and amounts spent; and

20                                   (iii)   Identifies whether any maintenance contracts are in place.

21                   (b)   **(1) [This] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
22 **SUBSECTION, THIS section applies only to a residential condominium.**

23                   **(2) THIS SECTION DOES NOT APPLY TO A RESIDENTIAL**  
24 **CONDOMINIUM FOR WHICH THE COUNCIL OF UNIT OWNERS VOTES TO FUND**  
25 **REPAIRS TO THE COMMON ELEMENTS OF THE CONDOMINIUM THROUGH A SPECIAL**  
26 **ASSESSMENT BY AN AFFIRMATIVE VOTE OF THE UNIT OWNERS IN GOOD STANDING**  
27 **HAVING AT LEAST 80% OF THE VOTES IN THE COUNCIL.**

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

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

30                                   (ii)   Montgomery County on or after October 1, 2021; or

1 (iii) Any county other than Prince George's County or Montgomery  
2 County on or after October 1, 2022.

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

6 (3) The governing body shall have an updated reserve study completed  
7 within 5 years after the date of the initial reserve study conducted under paragraph (2) of  
8 this subsection and at least every 5 years thereafter.

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

11 (ii) If the governing body of a condominium has had a reserve study  
12 conducted on or after October 1, 2016, the governing body shall have an updated reserve  
13 study conducted within 5 years after the date of that reserve study and at least every 5  
14 years thereafter.

15 (iii) If the governing body of a condominium has not had a reserve  
16 study conducted on or after October 1, 2016, the governing body shall have a reserve study  
17 conducted on or before October 1, 2021, and an updated reserve study at least every 5 years  
18 thereafter.

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

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

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

29 (3) (i) This paragraph applies only to a condominium established in any  
30 county other than Prince George's County or Montgomery County before October 1, 2022.

31 (ii) If the governing body of a condominium has had a reserve study  
32 conducted on or after October 1, 2018, the governing body shall have an updated reserve  
33 study conducted within 5 years after the date of that reserve study and at least every 5  
34 years thereafter.

35 (iii) If the governing body of a condominium has not had a reserve  
36 study conducted on or after October 1, 2018, the governing body shall have a reserve study

1 conducted on or before October 1, 2023, and an updated reserve study at least every 5 years  
2 thereafter.

3 (e) Each reserve study and updated reserve study required under this section  
4 shall:

5 (1) Be prepared by a person who:

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

8 (ii) Has participated in the preparation of at least 30 reserve studies  
9 within the prior 3 calendar years while employed by a firm that prepares reserve studies;

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

12 (iv) Is currently designated as a reserve specialist by the Community  
13 Association Institute or as a professional reserve analyst by the Association of Professional  
14 Reserve Analysts;

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

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

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

20 (f) (1) The governing body of a condominium shall, in consultation with a  
21 person identified under subsection (e)(1) of this section, develop a funding plan to determine  
22 how to fund the reserves necessary under this section.

23 (2) In developing the funding plan under this subsection, the governing  
24 body shall select one of the following methods to achieve the reserve funding under this  
25 section:

26 (i) The component method;

27 (ii) The cash flow method;

28 (iii) The baseline funding method;

29 (iv) The threshold cash flow method; or

30 (v) Any other funding method consistent with generally accepted  
31 accounting principles.

1           (3) A funding plan developed under this subsection shall prioritize  
2 adequate amounts for repair and replacement of common elements of the condominium  
3 that are necessary for:

4                   (i) The health, safety, and well-being of the occupants;

5                   (ii) Ensuring structural integrity, such as roofing replacements and  
6 maintaining structural systems;

7                   (iii) Essential functioning, such as plumbing, sewer, heating, cooling,  
8 and electrical infrastructure; and

9                   (iv) Any other essential or critical purpose, as determined by the  
10 governing body.

11           (4) Reserves may be used for purposes other than those specified in the  
12 funding plan if the funds are repaid to the reserve fund within 5 years after their use.

13           (5) A governing body shall review progress toward compliance with the  
14 funding plan developed under this subsection at each annual meeting of the governing  
15 body.

16 11B-112.3.

17           (a) (1) In this section the following words have the meanings indicated.

18                   (2) “Reserve study” means a study of the reserves required for future major  
19 repairs and replacement of the common areas of a homeowners association that:

20                           (i) Using an itemized list, identifies each structural, mechanical,  
21 electrical, and plumbing component of the common areas and any other components that:

22                                   1. Are the responsibility of the homeowners association to  
23 repair and replace; and

24                                   2. If applicable, meet a minimum cost of repair or  
25 replacement, as determined by the governing body, that is:

26   A. Reasonably based on the expenses of the homeowners  
27 association; and

28   B. Not a minor expense that is otherwise addressed by the  
29 budget of the homeowners association;

30                   (ii) States the estimated remaining useful life of each identified  
31 component;

1 (iii) States the estimated cost of repair or replacement of each  
2 identified component;

3 (iv) States the estimated annual reserve amount necessary to  
4 accomplish any identified future repair or replacement; and

5 (v) States the quantity or size of each identified component using the  
6 appropriate measurement, such as unit amount, square footage, or cubic feet.

7 (3) "Updated reserve study" means, for the common areas since the prior  
8 reserve study was completed within the previous 5 years, a study that:

9 (i) Revises replacement cost, remaining life, and useful life  
10 estimates;

11 (ii) Analyzes work performed and amounts spent; and

12 (iii) Identifies whether any maintenance contracts are in place.

13 (b) (1) This section applies only to a homeowners association:

14 (i) That has responsibility under its declaration for maintaining and  
15 repairing common areas; and

16 (ii) For which the total repair or replacement costs for all  
17 components identified in subsection (a) of this section is at least \$10,000.

18 (2) This section does not apply to a homeowners association that **[issues]:**

19 **(I) ISSUES bonds for the purpose of meeting capital expenditures;**

20 **(II) COMPRISES 50 OR FEWER HOMES;**

21 **(III) COMPRISES ONLY SINGLE FAMILY HOMES ON LOTS THAT**  
22 **ARE UNABLE TO BE SUBDIVIDED; OR**

23 **(IV) DOES NOT HAVE RESPONSIBILITY UNDER ITS DECLARATION**  
24 **FOR MAINTAINING AND REPAIRING COMMON ELEMENTS OTHER THAN COMMON**  
25 **PRIVATE ROADS.**

26 (c) (1) This subsection applies only to a homeowners association established  
27 in:

28 (i) Prince George's County on or after October 1, 2020;

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

2 (iii) Any county other than Prince George's County or Montgomery  
3 County on or after October 1, 2022.

4 (2) The governing body of the homeowners association shall have an  
5 independent reserve study completed not more than 90 calendar days and not less than 30  
6 calendar days before the meeting of the homeowners association required under §  
7 11B-106.1(a) of this title.

8 (3) The governing body shall have an updated reserve study completed  
9 within 5 years after the date of the initial reserve study conducted under paragraph (2) of  
10 this subsection and at least every 5 years thereafter.

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

13 (ii) If the governing body of a homeowners association has had a  
14 reserve study conducted on or after October 1, 2016, the governing body shall have an  
15 updated reserve study conducted within 5 years after the date of that reserve study and at  
16 least every 5 years thereafter.

17 (iii) If the governing body of a homeowners association has not had a  
18 reserve study conducted on or after October 1, 2016, the governing body shall have a reserve  
19 study conducted on or before October 1, 2021, and an updated reserve study at least every  
20 5 years thereafter.

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

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

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

31 (3) (i) This paragraph applies only to a homeowners association  
32 established in any county other than Prince George's County or Montgomery County before  
33 October 1, 2022.

34 (ii) If the governing body of a homeowners association has had a  
35 reserve study conducted on or after October 1, 2018, the governing body shall have an  
36 updated reserve study conducted within 5 years after the date of that reserve study and at

1 least every 5 years thereafter.

2 (iii) If the governing body of a homeowners association has not had a  
3 reserve study conducted on or after October 1, 2018, the governing body shall have a reserve  
4 study conducted on or before October 1, 2023, and an updated reserve study at least every  
5 5 years thereafter.

6 (e) Each reserve study and updated reserve study required under this section  
7 shall:

8 (1) Be prepared by a person who:

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

11 (ii) Has participated in the preparation of at least 30 reserve studies  
12 within the prior 3 calendar years while employed by a firm that prepares reserve studies;

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

15 (iv) Is currently designated as a reserve specialist by the Community  
16 Association Institute or as a professional reserve analyst by the Association of Professional  
17 Reserve Analysts;

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

19 (3) Be reviewed by the governing body of the homeowners association in  
20 connection with the preparation of the annual proposed budget; and

21 (4) Be summarized for submission with the annual proposed budget to the  
22 lot owners.

23 (f) (1) The governing body of a homeowners association shall, in consultation  
24 with a person identified under subsection (e)(1) of this section, develop a funding plan to  
25 determine how to fund the reserves necessary under this section.

26 (2) In developing the funding plan under this subsection, the governing  
27 body shall select one of the following methods to achieve the reserve funding under this  
28 section:

29 (i) The component method;

30 (ii) The cash flow method;

31 (iii) The baseline funding method;

1 (iv) The threshold cash flow method; or

2 (v) Any other funding method consistent with generally accepted  
3 accounting principles.

4 (3) A funding plan developed under this subsection shall prioritize  
5 adequate amounts for repair and replacement of common areas of the homeowners  
6 association that are necessary for:

7 (i) The health, safety, and well-being of the occupants;

8 (ii) Ensuring structural integrity, such as roofing replacements and  
9 maintaining structural systems;

10 (iii) Essential functioning, such as plumbing, sewer, heating, cooling,  
11 and electrical infrastructure; and

12 (iv) Any other essential or critical purpose, as determined by the  
13 governing body.

14 (4) Reserves may be used for purposes other than those specified in the  
15 funding plan if the funds are repaid to the reserve fund within 5 years after their use.

16 (5) A governing body of a homeowners association shall review progress  
17 toward compliance with the funding plan developed under this subsection at each annual  
18 meeting of the homeowners association.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 October 1, 2026.