Commonly Interested Newsletter

Montgomery County, Maryland
Commission on Common Ownership Communities
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August 2024

Fun Fact:

Did you know that the first Olympic Games had just 14 participating countries. This year we had 206 countries and territories that participated.

The Scoop on Reserves!

By: Delegate Marvin E. Holmes, Jr.

There is a lot of confusion surrounding the requirements of a reserve study and the funding calculations to be met as a result of a reserve study. As the original author of this legislation beginning in 2017, there have been many revisions to reserve requirements in Maryland and across the United States. The Champlain Towers South collapse in Florida in 2021 which killed 98 people, has been proven to be primarily due to the Board of Directors not taking the recommendations of many engineering, and maintenance professionals repeatedly suggesting the absolute necessity to repair and replace major structural items in their building. The reserve study and its funding requirements have gained increased discussion across the United States because of this catastrophe.

Maryland legislation has never been based on the Florida tragedy and the conditions of that coastal state are vastly different from ours. There is one connecting issue that all Common Ownership Communities (COC) have in common, however, and it is the need for public area maintenance, repair, and periodic replacement. For eight years I have been trying to accurately address Maryland's particular needs and requirements, and to that end, more revisions are forthcoming.

Current Maryland law for reserve studies tried to discern the difference between an initial reserve study and an "updated" reserve study, but there seems to still be some misunderstanding between the two. Therefore, new language will be proposed in the upcoming 2025 legislation session to clarify the differences between the two.

A "Reserve Study" will be defined as an initial "Level I" study specifically used to determine the amount of funding required for future major repairs

and replacement of the common elements. The new language will define a "Level I" study as a tabular listing of the component inventory, to include each component, and its quantity to determine useful life, remaining life, and current replacement cost of that item. The first reserve study must also be based upon a visual site inspection conducted by a reserve study professional.

The new language to be proposed to the 2025 General Assembly, which begins on January 8, and ends on April 7, 2025, will be more detailed on the definition of an "Updated Reserve Study". One revision is that an "Updated Reserve Study" may not require a visual site inspection, because the quantities and measurements of each component have not likely changed.

An "Updated Reserve Study" will analyze any work completed since the prior study was implemented, it will estimate the remaining useful life and replacement cost since the prior study was performed, and it will take into consideration money spent and the types of work finished since the prior reserve study was approved by the Board. This will include any maintenance contracts currently in place and will revise the useful life and remaining useful life of those items within the study. This clarification will significantly reduce the cost between a Level I study and an Updated Reserve Study.

The type of funding needed after the reserve study has been completed has been misinterpreted also. The existing language in the Reserve Study law, intentionally did not require or dictate the type of funding that must be calculated. This was done in an attempt to suggest that the Reserve Study Specialist needs to communicate with the Board Members to discuss the various types of funding calculations available. As it turns out, because of the lack of identifying the various types of funding mechanisms available, many Board Members erroneously assumed that the absence of defining language, by default, meant "Full Funding".

Therefore the 2025 legislation will require that the Reserve Study Provider determine, in consultation with the Boards of Director, a Funding Plan that may include, but should not be limited to the Component Funding Method, Full Funding, Cash Flow Method, Baseline Funding, Threshold Cash Flow Method, or other funding plans as accepted by Generally Accepted Accounting Principles (GAAP). I am hopeful that this will eliminate the most conservative Full Funding calculation that is

currently being used by most COC's because not all COC's need this type of funding. An alternative calculation method can reduce incremental assessments.

There will be other language edits to the current law, which is entitled, *Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Funding of Reserve Accounts and Preparation of Funding Plans*. Hopefully, you will find this article useful. If you have additional comments or suggestions, please feel free to contact my office.

Importance of Maintenance for Common Ownership Communities!

By: Ramon Espin, Manager III

Common Ownership Communities, DHCA

As a member of a common ownership community, your role in prioritizing maintenance is crucial. This proactive approach will not only preserve property value, ensure resident safety, save costs, and enhance resident satisfaction, but also empower you with a sense of responsibility for the long-term success of your community.

It is recommended that a thorough review of the current maintenance practices be undertaken to determine the possibility of implementing a

proactive maintenance plan, such as regular inspections, scheduled repairs, and preventive measures, to address any potential issues. *Here are some key points:*

- Preserving Property Value: Regular maintenance helps protect property value by preventing minor issues from becoming more significant and costly problems. It ensures that buildings and common areas are well-maintained, which is attractive to residents and potential buyers.

- Safety and Functionality: Maintenance plays a crucial role in ensuring the safety and functionality of common ownership communities. Regular inspections help identify and address potential safety hazards, preventing accidents and injuries. They also ensure that amenities and common areas work correctly, enhancing the overall resident experience.

- Legal Obligations: Maintenance must comply with legal obligations outlined in the governing documents, which are the rules and regulations governing the community. The community association must also comply with applicable state and county laws. By fulfilling these obligations, common ownership communities may avoid legal liabilities and potential lawsuits.

- Resident Satisfaction: Well-maintained common areas and amenities contribute to resident satisfaction and a positive living experience. They create a desirable living environment and enhance residents' overall quality of life.

In addition, Community associations should consider a *maintenance manual* to provide comprehensive guidelines and instructions for the ongoing maintenance and operation of various components and systems within the site/building. It is a reference tool for building managers, maintenance staff, and contractors, outlining the specific maintenance tasks, schedules, and procedures required to ensure the proper functioning and longevity of the building's systems and equipment.

The manual helps to streamline maintenance operations, improve efficiency, and minimize downtime by providing clear instructions and checklists for routine inspections, preventive maintenance, and troubleshooting. It also helps to ensure compliance with safety regulations, manufacturer recommendations, and industry best practices. Overall, the maintenance manual is valuable for maintaining the site/building in optimal condition and maximizing its lifespan.

By implementing a proactive maintenance plan, common ownership communities cannot only ensure the safety and functionality of their properties but also save costs in the long run. Preventive maintenance helps avoid costly emergency repairs and premature replacements, providing a sense of financial security. It also extends the lifespan of building components, reducing the need for frequent replacements and instilling confidence in the community's financial stability.

Do You Know Your Building's Benchmarking Compliance Status?

By: Sheena Oliver

Program Manager, Multifamily Energy Programs

Energy, Climate, and Compliance Division

Department of Environmental Protection

The Montgomery County Energy [Benchmarking law](#) covers commercial, multifamily, and common ownership buildings 25,000 square feet and greater. Owners of these buildings are required to report energy data and building information to the County's Department of Environmental Protection (DEP) by June 1 each year, a process called energy benchmarking.

Still need to benchmark and report?

About 70% of ownership communities covered by the law have already submitted their calendar year 2023 benchmarking reports which were due on June 3rd, 2024. Over 90% have reported or have filed an extension with DEP while they work on complying.

*To view an overview of how to comply for multifamily properties, view DEP's [Multifamily Benchmarking Webinar](#) (**Passcode: LhdqFE2.**) It's about 45 minutes long but it explains everything and goes over the process for completing your report.*

Not sure if your building is covered? Not sure if your community has reported? DEP's [Disclosed Data website](#) has a Benchmarking Compliance Status Report listing the status of each covered building. Or, reach out to Sheena Oliver, Multifamily Energy Program Manager at sheena.oliver@montgomerycountymd.gov.

Montgomery County's Aging and Disability Services!

By: Pazit Aviv (She, her), MSW

Montgomery County Village Coordinator

Community Outreach Manager

Montgomery County's Aging and Disability Services has many programs and services for older residents of the County. Programs include an information and referral call center, daily meals in the community or at home and in-home help, among many others. The department is also invested in partnering with neighborhoods and communities to build local networks of neighborly support for older residents. These networks are known nationally as villages and they have been booming in our area. In 2014, there were 11 villages in our county and in 2024 we have grown to 30 villages and an additional six in development. A wonderful example for a successful village is Silver Spring Village who was recently featured in the Fortune Magazine article about Silver Spring.

The idea behind starting your village is simple: it is a re-weaving of the local social web of connections. Many people remember a time when local

communities used to be a significant source of support, a time when people knew their neighbors well and could rely on one another both in times of joy and in times of need. Montgomery County is a great place to live but it could be even better with a strong and vibrant local community. We want to help you make your local community a thriving place to live in.

   Villages are developed and led by the local community with the help of County staff and a robust network of other villages. There are many resources available to you: financial support during the start-up phase, technical assistance to quickly solve problems, mentorship from other local village leaders, and access to subject matter experts from within county government and the nonprofit sector.

We would love to hear from you if you are interested in this idea and want to learn more. Our Village Coordinator, Pazit Aviv, is available to answer your questions and support your community building project in any way possible. Please feel free to reach her at pazit.aviv@montgomerycountymd.gov or at 240-777-1231.

Annual Registration Information

The Licensing & Registration Unit requires completion of the following:

- The completion of the CCOC Registration Form.
- The completion and current copy of the governing documents.
- A list of the rental units in the community.

- A payment of the annual registration fee which is calculated based upon the number of units in the common ownership community.

It is the responsibility of each common ownership community to ensure compliance with this requirement.

Please feel free to contact the Licensing & Registration Department at ccocregistration@montgomerycountymd.gov with questions and/or concerns you may have.

UPCOMING BOARD TRAINING DATES!

Sunday August 25, 2024

Saturday September 14, 2024

The leadership of each common ownership community must register annually as a requirement as stated in Chapter 10B of the Montgomery County Code.

Mandatory Board Training

In July 2023, amendments to the county code continue to require all Board of Directors for common ownership communities to successfully complete the Commission's Board Training program, also known as Community Governance Fundamentals. The new provision requires Board members to recertify every *three (3) years*. Therefore, if you have not completed the training after July 3, 2020, you are required to fulfill this requirement. Information on the free training program and schedule may be found on the website or click here.

COC Links and Shortcuts

[Office of Common Ownership Communities | DHCA (montgomerycountymd.gov)](#)- General information and resources for common ownership communities and homeowners.

[Common > "Community Governance Fundamentals" Training Program | DHCA (montgomerycountymd.gov)](#)- Mandatory training on Community Governance Fundamentals.

[Common > Registration of Common Ownership Communities | DHCA (montgomerycountymd.gov)](#) – Mandatory annual registration of common ownership communities.

[Calendar | DHCA (montgomerycountymd.gov)](#) – Calendar of Events.

[Common > Community Information | DHCA (montgomerycountymd.gov)](#) – FAQ's

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