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To: The Honorable Kumar Barve
Chair, Environment and Transportation Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 592 – Real Property – Regulation of Common Ownership Community
Managers (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 592 submitted by Delegate Marvin E. Holmes, Jr. This bill provides for the registration, licensing and regulation of common ownership community property managers.

Many common ownership communities are run by volunteer boards of directors with little or no experience running a large business. Often, they rely upon property management companies to assist them in knowing the laws governing the associations and acting fiscally responsible for their members. As a result, it is important to ensure the education and knowledge of the property managers providing these services meet certain minimum standards. By instilling requirements for education and licensing of property managers, the legislature protects thousands of citizens who reside in these communities and helps to ensure that these communities are financially sustainable.

In the past, there have been property management companies that have stolen large sums of money from the communities they represent. Many have heard the horror stories of Legacy Management and the devastating impact their unscrupulous acts had on the communities they represented. As recently as July of 2019, the Consumer Protection Division settled with another property management company that misappropriated over \$2 million dollars from homeowners and condominium associations, affecting over 1500 individuals. The damage that may be caused by unscrupulous or uneducated property managers clearly outweighs the costs to implement the procedures to register, license and regulate these entities.

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For these reasons, we ask that the Environment and Transportation Committee return a favorable report on this bill.

cc: The Honorable Marvin E. Holmes, Jr.
Members, Environment and Transportation Committee