

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Fax No.

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

January 18, 2022

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

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 26 – 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 26 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 business. Often, they rely upon property management companies to assist them in complying with the laws governing the associations and in collecting and using association funds in a fiscally responsible manner. As a result, it is important to ensure the education, knowledge, and integrity of the property managers providing these services meet certain minimum standards. By instilling requirements for education and licensing of property managers, the legislature would protect thousands of citizens who reside in these communities and help to ensure that these communities are financially sustainable.

In the past, there have been property management companies that have misappropriated large sums of money from the communities they manage. Many have heard the horror stories of Legacy Management and the devastating impact its unscrupulous acts had on the communities it managed. 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 1,500 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.

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