



January 26, 2023

Delegate Kumar P. Barve and the Maryland House Environment and Transportation Committee

AA_ENT@mlis.state.md.us

Room 251 House Office Building

Annapolis, Maryland 21401

Re: HB 80 – Real Property – Regulation of Common Ownership Community Managers

Position: Strong Opposition

Dear Delegate Barve, and members of the Maryland House Environment and Transportation Committee:

My name is Phoebe E. Neseth, and I am the Director of Government and Public Affairs for the Community Associations Institute¹ representing 74.2 million Americans living in more than 358,000 communities in the United States. On behalf of the approximately [1,041,000 Marylanders living in 395,000 homes in more than 6,910 community associations](#), I respectfully urge you to oppose HB 80 during the Thursday, January 26th, 2 PM EST House Environment and Transportation Committee hearing.

This bill requires the state of the Maryland to establish a Common Interest Community Association Board to regulate community association manager state licenses and requires community association homeowners to pay a fee (amount yet to be established) to fund the licensing regime. In addition to this fee, community association homeowners will also be taxed to pay for this licensing program, in addition to the assessments each homeowner pays to their association. According to the Maryland Department of Legislative Service's Fiscal Note for HB 80 in previous legislative sessions, if enacted, it will cost the state of Maryland approximately \$100,000 to establish this Board. The current national best practice of community association managers is to earn voluntary standard certification measuring competency, participate in annual education training, and invest in appropriate insurance coverage. This bill creates an unnecessary, excessive, and redundant cost to taxpayers.

¹ Since 1973, [Community Associations Institute](#) (CAI) has been the leading provider of resources and information for homeowners, volunteer board leaders, professional managers, and business professionals in 358,000 homeowners associations, condominiums, and co-ops in the United States and millions of communities worldwide. With nearly 44,000 members, CAI works in partnership with 36 legislative action committees and 64 affiliated chapters within the U.S., Canada, United Arab Emirates, and South Africa, as well as with housing leaders in several other countries including Australia, Spain, Saudi Arabia, and the United Kingdom. A global nonprofit 501(c)(6) organization, CAI is the foremost authority in community association management, governance, education, and advocacy. Our mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in community associations that are preferred places to call home. Visit us at www.caionline.org and follow us on Twitter and Facebook @caisocial.

According to the [National Conference on State Legislatures](#), professional licensing regulations create unique barriers and challenges for certain populations who are entering the labor market or moving across states lines. If Maryland passes this unnecessary and burdensome legislation, the General Assembly will be creating unnecessary barriers of entry; especially for populations such as immigrants with work authorization, individuals with criminal records, low-income, unemployed, and dislocated workers, as well as veterans and military spouses.

Only six states in the country have a form of community association manager licensing, several of which have considered letting these licensing programs sunset. According to the [Foundation for Community Association Research's 2021-2022 Statistical Review](#), there are 55,000-60,000 community association managers in the United States and only a nominal amount of these managers work in a state that requires state licensing. Most recently, in 2019, the Colorado General Assembly sunset their community association manager licensing program due to its lack of proven consumer protection and cost burden on Colorado state taxpayers.

This bill does not provide for the recognition of renowned industry-developed professional certifications or designation programs for community managers, which allows the community association industry to self-regulate.

Currently, it is the best practice of community association boards to secure a fidelity bond for insurance protections for losses that they incur as a result of fraudulent acts by community association managers. This alleviates the argument that without state licensing “bad actors” may be hired who commit dishonest acts to an association – the fidelity bond already protects community associations in these situations.

According to the [Foundation for Community Association Research's 2020 Homeowner Satisfaction Survey](#), 76% of community association residents believe their community association manager currently provides value and support to residents and their associations and 87% of residents who have direct contact with their community association manager state that it was a positive experience.

For these reasons, this bill has failed the Maryland General Assembly for the past several years and I continue to urge you to oppose HB 80 today! Thank you for your continued leadership and please contact me with any questions.

Sincerely,

Phoebe E. Neseth, Esq.
Director of Government and Public Affairs
Community Associations Institute (CAI)
pneseth@caionline.org