

Board of Directors
Leisure World Community Corporation
3701 Rossmoor Boulevard
Silver Spring, MD 20906

**POSITION OF THE LEISURE WORLD COMMUNITY CORPORATION
ON MARCH 27, 2005
BEFORE THE SENATE JUDICIAL PROCEEDINGS
HB 303 – REAL PROPERTY-REGULATION OF COMMON OWNERSHIP COMMUNITY MANAGERS
FAVORABLE WITH AMENDMENTS**

Honorable Chair William C. Smith, Vice-Chair Jeff Waldstreicher, and Members of the Senate Judicial Proceedings Committee:

This testimony is being submitted on behalf of the Leisure World Community Corporation. Leisure World is a senior (55+) adult community in Silver Spring Maryland, located on 610 acres. Leisure World has 29 Mutuals made up of 27 condominiums, 1 cooperative, and 1 home owner association. More than 8500 residents live in Leisure World.

HB 303 establishes a State Board of Common Ownership Community Managers to regulate the common ownership community. In our view this establishes an unnecessary regulatory regime that provides for licensing of common ownership community managers. Establishing the state board of common ownership community managers will initially cost the state at least \$100,000 and thereafter charge fees that will be paid by unit owners.

Only eight states require community association manager licensing. Colorado no longer requires licensing. Virginia does require licensing but a report from the Joint Legislative Audit and Review Commission recommended repealing the licensure requirements for community association managers.¹ Licensing community managers (i.e., property managers who provide management services to common ownership communities) may provide homeowner and condominium associations with assurance that the managers meet qualification standards, but the same assurance is available through existing national certifications. For example, the Community Association Institute (CAI) and the Institute for Real Estate Management (IREM).

It is noteworthy that Section 5 of the bill adopts that view in that it provides until the Board has established training and examination requirements, passing “ a nationally prepared and administered standardized examination for the community association management profession “ meets the licensing requirements.

¹ <https://jlarc.virginia.gov/pdfs/reports/Rpt509.pdf> at page 20.

Licensing of community managers is not needed to remove bad players from the business. Federal and State laws already provide for criminal prosecution for crimes such as fraud and embezzlement. The \$2 million fidelity bond required in HB 303 is duplicative since Maryland Law already requires the associations to fully cover their funds with a fidelity insurance covering community managers.

Leisure World recommends that the language in this bill be amended to require that community managers undergo training and certification by professional associations that are nationally and internationally recognized for the training and certification of professional community managers. Examples of such organizations include: Community Association Institute (CAI) and the Institute for Real Estate Management (IREM). Both of these professional organizations provide training courses and testing leading to certifications of community managers.

Such an amendment to the proposed Bill would spare communities such as Leisure World from incurring the expense and inconvenience of having its community managers which are called property managers devote their time to training when they have already trained and certified by the top professional associations in the field. Moreover, it will reduce expenditures that the state can not afford. It will also reduce housing costs as in the end analysis the unit owners will need to pay the fees for their property managers.

Accordingly, Section 5 should be amended to read:

SECTION 5. AND BE IT FURTHER ENACTED, That: 3

(a) ~~Until the time that the State Board of Common Ownership Community Managers adopts regulations concerning the training and examination requirements for an applicant for a license or a limited license under this Act passing~~ **PASSING** an examination that meets the requirements listed in subsection (b) of this section shall be deemed adequate for satisfying the requirements of § 22–302(c) or § 22–402(c) of the Business Occupations and Professions Article, as enacted by Section 2 of this Act.

(b) The examination specified under subsection (a) of this section shall be:

- (1) a nationally prepared and administered standardized examination for the community association management profession; and
- (2) developed according to the basic principles of professional testing standards that utilize psychometric measurement.

This amendment will give applicants a choice of seeking either state licensing or professional certification. Common ownership communities can then decide the qualifications that the community desires of its community managers.

Leisure World is the largest common ownership community in Montgomery County. It has extensive experience with community/property managers. The Leisure World property managers are employees of the Leisure World of Maryland Corporation (LWMC). LWMC is owned by the Leisure World Community Corporation (LWCC) a non-stock corporation governed by a board of directors. The members of the LWCC are the unit owners of the 29 common ownership communities and thus are the owners of the LWCC. The property managers of the LWMC only provide management services to the Leisure World

community as such they fit squarely into the exception of 22-102(8). The property managers at Leisure World are professionals successfully managing numerous buildings in our common ownership community. They are trained and certified by national organizations. Leisure World consistent with the above requested amendment would continue such training and certifications.

For the above reasons, Leisure World requests amendments to HB 303.

Respectfully submitted,

Patricia Hempstead

Chair of the Board of Directors
Leisure World Community Corporation