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March 25, 2025

will.smith@senate.state.md.us

jeff.waldstreicher@senate.state.md.us

Senator William C. Smith, Jr., Chair
Senator Jeff Waldstreicher, Vice Chair
2 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: HB303
Regulation of Common Ownership Community Managers
Hearing Date: March 27, 2025 – 1:00 p.m.
Position: Oppose

Dear Chairman Smith, Vice-Chair Waldstreicher, and Members of the Judicial Proceedings Committee:

The Community Associations Institute's Maryland Legislative Action Committee (MD LAC) HAS worked since 2021 with Del. Homes on "Regulation of Common Ownership Community Manager". The bill was reintroduced this year as HB303. In its current form, it is in direct conflict with the Community Association Institute's National Public Policy. The basis of the opposition is that the requirements create an onerous barrier to entry into the community management industry and have a "meaningful" financial impact on small business. Ultimately, this financial burden is passed on to our client associations to cover the direct fees through increased management fees to cover licensing, bonding and educational requirements. Therefore, the MD LAC is bound to oppose the legislation.

CAI advocates for industry-developed professional certifications or designation programs for community managers so they can self-regulate. CAI supports a system that incorporates protections for homeowners, mandatory education and testing on fundamental community association management knowledge, standards of conduct, and appropriate insurance requirements.

CAI provides seven different [professional credential opportunities](#) for community association professionals, ranging from community manager (AMS, PCAM, LSM, AAMC), to insurance and

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Annapolis MD 21401

risk management (CIRMS), reserve specialists (RS), and attorney (CCAL). These credentials recognize a professional's achievements in the community association industry. Our industry is expanding, and communities need credentialed professionals to safeguard and empower the financial wellbeing, physical maintenance, and social harmony of community associations. Mandating licensing, rather than simply allowing for the industry to train board members via professional credentialing courses, creates unnecessary barriers to entry into the profession; 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. These barriers include application costs, finding time during a workday to take classes before even being able to enter a profession, the need to find childcare or care for an adult family member while taking a mandatory exam or class, potentially obtuse examination questions, and renewal costs.

CAI notes that only eight states continue to require community association manager licensing after Colorado allowed its law to sunset in 2019, and several of these states have considered letting these programs sunset. Colorado's governor noted at the time that the use of further taxpayer funds was not justified, as licensing did not achieve the desired result of removing bad players from the business. Federal and State laws already provide for criminal prosecution for crimes such as fraud and embezzlement with much more potent remedies. Maryland Law already requires that associations; funds be bonded, in line with best practices. 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 bond naming the manager.

The 2024 fiscal note states, "Small Business Effect: As noted above, small business expenditures increase by at least \$850 for required licenses, as well as potentially significant costs associated with board-approved training and required exams or attaining specified professional credentialing."

While there are community association owners in favor of licensing managers to raise the standard of managers and provide remedies for illegal acts, because they feel that it offers them a level of protection, the need for these protections that have failed to materialize in other states. When Community Association boards and members learn that the cost of license fees and renewal fees, cost of mandatory manager education, loss of productivity from time off for education and administrative costs will ultimately be passed down to them in the form of higher management fees, they overwhelmingly change their opinion on the need for licensure.

For these reasons, we oppose manager licensing as proposed in HB303. Thirty-nine (39) messages were sent by thirty-nine (39) of the Committee's own constituents in opposition to HB 303. We are available to answer all questions the Committee Members may have. Please do not hesitate to contact Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or by email at lisa.jones@mdlobbyist.com or Vicki Caine, CAI MD LAC Chair, by email at vcaine1@gmail.com or Brenda Wakefield, CAI MD LAC Secretary, AMS at 410-703-8688 or by email at brenda.wakefield@wamcs.com

Sincerely,

Brenda Wakefield

Brenda Wakefield
Secretary, CAI MD-LAC

Vicki Caine

Vicki Caine
Chair, CAI MD-LAC

cc. Hon. Delegate Marvin Holmes

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CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.

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