MARYLAND
LEGISLATIVE ACTION COMMITTEE
Community Associations Institute

The Legislative Voice of Maryland Community Associations

February 24, 2026

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Chair, Delegate Kriselda Valderrama
Vice Chair, Delegate Lorig Charkoudian
House Economic Matters Committee
231 Taylor House Office Building
6 Bladen Street
Annapolis, Maryland 21401

Re: House Bill 853
Real Property – Regulation of Common Ownership Community Managers
Position: OPPOSE
Hearing Date: February 26, 2026

Dear Chair Valderrama, Vice Chair Charkoudian, and Members of the Economic Matters Committee:

This letter is submitted on behalf of the Maryland Legislative Action Committee ("MD-LAC") of the Community Associations Institute ("CAI"). CAI represents individuals and professionals who reside in or work with community associations, including condominiums, homeowners' associations, and cooperatives throughout the State of Maryland and throughout the United States.

The MD-LAC opposes HB853 – Real Property – Regulation of Common Ownership community Managers for the reasons outlined below. This is the same bill that was introduced in 2024 as HB273 – which included the referenced fiscal note – and in 2025 as HB303. Maryland LAC firmly believes the bill as proposed:

1) Would have an adverse impact on Maryland's small community management businesses: MD-LAC opposes this legislation as it creates an onerous barrier to entry into the community management industry and would have a significant financial impact on community managers. There are more than 50 management companies in the State of Maryland – most of which are ***small businesses***. With increasing consolidation by larger, nationwide management companies, these smaller management firms already struggle to attract and train employees willing to manage community associations. Requiring a license will place a financial burden on either the manager who will demand higher wages to offset the expense, or the management company for whom he or she works. But more importantly, this financial burden will ultimately be passed on to Maryland's 7,200+ client community associations and the 1.1 million Marylanders who live in them to cover the direct costs that will result in increased management fees, licensing, bonding, and duplicative regulations.

Unable to compete with larger companies that can spread the costs associated with licensing across large portfolios of associations, the costs of licensure will force small businesses out of the market. Less competition in the industry drives up the costs of management still further, offering Maryland's community associations with fewer options for professional management. The 2024 fiscal note to HB273 states, "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." Maryland LAC agrees with the fiscal note and the significant estimated cost would be for *each* individual manager.

2) Manager Licensing at the state level is not a good return on investment. Multiple levels of oversight already exist without the necessity for manager licensing. The management of day-to-day association operations (principally maintenance of and oversight of repairs to a community's infrastructure, receiving and managing assessment income, bidding contracts, and processing payments for an association's operating expenses), is conducted on behalf of the association and at the direction of the elected governing body. A team of subject matter experts delivers access to essential specialized services, such as legal counsel, certified public accounting, insurance brokerage, and reserve analysis. Moreover, oversight is provided by the Office of the Attorney General Consumer Protection Division.

In addition, the Community Associations Institute, which is now 50 years old, provides a wealth of educational opportunities and seven distinct professional credential opportunities for community association professionals, ranging from community manager (AMS, PCAM, LSM, AAMC), to insurance and risk management (CIRMS), reserve specialists (RS), and legal services (CCAL). These credentials, acquired through experience, dedication, and education, recognize a professional's achievements in the community association industry. Our industry continues to expand as community associations represent a significant percentage of where people live, and communities need credentialed professionals to safeguard and empower the financial wellbeing, physical maintenance, and social harmony of community associations. In fact, there presently are more than 400 CAI-credentialed management companies and managers in the State of Maryland.

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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 those states have considered allowing their own licensure 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. He noted in addition, that the costs associated with licensure are generally passed along to homeowners in the form of higher homeowner association fees at a time when concerns about the affordability of housing remains a top concern. As we and the Economics Committee are aware, affordable housing and support of Maryland's small businesses are top priorities for Governor Moore and the Maryland Legislature. We are concerned that this bill runs counter to those goals.

Federal and State laws already provide for criminal prosecution for crimes such as fraud and embezzlement with much more potent remedies. Further, Maryland law already requires that association funds be insured at an amount equal to three (3) months' worth of gross annual assessments and the total amount held in all investments, or \$3 million. The \$2 million fidelity bond required in HB853 is redundant since Maryland law already requires associations to fully cover their funds with fidelity insurance that names the manager as an additional insured – each association's fidelity policy insures the association's funds in the care, custody, and control of not just the board of directors and any association employees, but also of the managing agent. While many if not most community management companies carry fidelity insurance as a provision of the management contract, the management company's policy protects management company funds. To require that any management company cover monies of even a portion of the total association funds they may control would result in a fidelity policy limit and premium that would be unaffordable and very likely not commercially available. Maryland long ago recognized, then, that each association should insure its own funds and include management as an additional insured, broadening the definition within the fidelity policy of who is an employee to extend to the managing agent.

CAI advocates for industry-developed professional certifications or designation programs for community managers so they can self-regulate. CAI also supports a system that incorporates education and testing on fundamental community association management knowledge, standards of conduct, and appropriate insurance requirements (see CAI National Policy – Manager Licensing and Model Legislation https://www.caionline.org/advocacy/public-policies/manager-licensing-and-model-legislation/).

While there may be community associations that favor the licensing of managers in an effort to raise the standard of managers and provide remedies for illegal acts, these protections have failed to materialize in other states. When community association boards and members learn that the cost of license fees and renewal fees and other direct 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.

CAI MD-LAC does not believe a license prevents bad behavior (i.e., theft of association funds by a manager or management company), nor is it a guaranty for performance, and because of that, a requirement for licensing would simply result in more expense in a time when businesses and community associations can least afford them. For these reasons, we ask that the Committee give HB853 an **unfavorable** report.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at (410) 366-1500, or by e-mail at lisa.jones@mdlobbyist.com, or Brenda Wakefield, Secretary of the MD-LAC, at (410) 703-8688, or by e-mail at brenda.wakefield@wamcs.com, or Igor Conev, Chair of the MD-LAC, at (443) 614-2787, or by e-mail at igor@ocmannproperties.com.

Sincerely,

Brenda Wakefield *Igor Conev*

Brenda Wakefield, CMCA, AMS
Secretary, CAI MD-LAC

Igor Conev, CMCA, AMS, PCAM, CIRMS
Chair, CAI MD-LAC

cc: Delegates Holmes, Boafo, Boyce, Ebersole, Harrison, Healey, Lehman, J. Long, Patterson, Roberts, Ross, Ruth, Stein, and Taveras

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than fifty 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.