

Supportive Testimony on the Creation of the State Board of Common Ownership Community Managers, with Recommended Amendments

Chair and members of the committee, thank you for the opportunity to provide testimony on this important legislation establishing the State Board of Common Ownership Community Managers within the Maryland Department of Labor. My name is Michele Jackson, and I have been a unit owner for four years at the Elmont Condominium in Baltimore, Maryland. I strongly support (HB0853) the creation of this Board and the requirement that individuals be licensed before providing management services to common ownership communities.

Maryland's common ownership communities house hundreds of thousands of residents. The quality, professionalism, and accountability of community managers directly influence homeowners' financial stability, property values, and overall housing security. This bill represents a long-overdue step toward professionalizing an industry that has operated for too long without meaningful oversight.

By establishing a licensing framework, the legislation helps ensure that community managers meet minimum standards of competence, ethics, and accountability. Homeowners and boards rely heavily on management companies to handle budgets, contracts, maintenance, compliance, and governance. Without oversight, the risks of mismanagement, conflicts of interest, and financial harm increase significantly. This bill provides the structure needed to protect communities and elevate the quality of management services statewide.

However, licensing alone is not enough. To ensure the Board can fulfill its mission effectively, I respectfully recommend several amendments that would further strengthen transparency, consumer protection, and accountability.

1. Establish Fines and Penalties for Violations

For the Board to have meaningful enforcement authority, the legislation should include clear fines and penalties for violations of licensing requirements, ethical standards, or Board regulations. Without enforceable consequences, bad actors can continue harmful practices with little deterrence. Penalties should apply to both individual managers and management companies to ensure accountability at every level.

2. Require Disclosure of Lawsuits Against Licensed Property Managers and Management Companies (Past 10 Years)

Transparency is essential for boards and homeowners to make informed decisions when hiring or retaining a management company. I recommend requiring licensed managers and management companies to disclose:

- All civil lawsuits filed against them within the past 10 years
- The nature of the claims
- The outcomes or current status

Patterns of litigation often reveal systemic issues that would never surface through licensing alone. This disclosure would help communities identify potential risks before entering into contractual relationships.

3. Require Disclosure of Business Relationships with Vendors, Attorneys, and Law Firms

Conflicts of interest are a persistent concern in common ownership communities. Undisclosed relationships can lead to inflated contracts, biased recommendations, and decisions that prioritize private profit over community welfare. To prevent self-dealing and ensure fair contracting, managers and management companies should be required to disclose any business, financial, or referral relationships with:

- Vendors
- Contractors
- Attorneys or law firms
- Any company providing services to the association

This transparency allows boards to evaluate whether recommendations are being made in the community's best interest.

4. Prohibit Management Contracts from Including Attorney Fees or Legal Representation for Past or Current Litigation

Management contracts should not obligate associations to pay attorney fees or legal representation costs for lawsuits involving the management company—whether past, ongoing, or arising during the term of the contract. These costs should never be shifted onto homeowners.

This amendment ensures that:

- Associations are not financially responsible for defending the management company
- Managers cannot use contract language to shield themselves from accountability
- Homeowners' assessments are used solely for community needs, not corporate legal defense

5. Require a Minimum \$5 Million Insurance Bond

Given the significant financial responsibilities entrusted to community managers—including handling assessments, reserve funds, contracts, and vendor payments—strong financial protections are essential. I recommend requiring all licensed management companies to maintain a minimum \$5 million insurance bond.

This bond would protect communities from:

- Fraud
- Embezzlement
- Misappropriation of funds
- Gross negligence

A meaningful bond requirement ensures that homeowners are not left bearing the financial burden of managerial misconduct.

Conclusion

The creation of the State Board of Common Ownership Community Managers is a critical step toward improving professionalism, transparency, and accountability in the management of Maryland’s common ownership communities. The amendments proposed above—fines for violations, lawsuit disclosure, conflict-of-interest transparency, contract protections, and a substantial insurance bond—would significantly strengthen the bill and provide homeowners with the safeguards they deserve.

As a unit owner who has witnessed the consequences of weak oversight firsthand, I know how urgently these protections are needed. I urge the committee to support this legislation and to consider these amendments to ensure that Maryland’s communities are protected by a robust, transparent, and accountable regulatory framework.