

Written Testimony in Support of HB0853

House Economic Matters Committee

Annapolis, Maryland

Madam Chair, Madam Vice Chair, and Esteemed Members of the Committee,

I respectfully submit this testimony in strong support of House Bill 0853.

Through the HOA & Civic Association Alliance, which brings together volunteer board leaders, civic associations, real estate professionals, engineers, property managers, and county staff from multiple Maryland jurisdictions, we consistently hear recurring concerns regarding financial oversight and governance within common ownership communities. Newly elected board members often step into leadership roles only to uncover unclear financial reporting, incomplete records, reserve balances that do not align with projections, or contracts entered without appropriate oversight. When problems finally become apparent, reserves have often run out, essential repairs are postponed, and homeowners must deal with unanticipated special assessments. These disruptions directly impact on affordability and erode trust in homeowners' associations.

I experienced this firsthand. After joining my community's HOA board, I realized that collection efforts had been neglected for more than three years and our governing documents weren't being followed. The property management company did not effectively collect payments or protect the association's finances as required. Meanwhile, the developer-controlled board was using HOA funds to complete construction within the community. There were no licensing requirements, no structured oversight, and no enforceable accountability standards governing management conduct. When homeowners took over management, they discovered that the association lacked sufficient funds, leaving them to shoulder the financial burden.

Many responsible property managers voluntarily obtain professional credentials such as the CMCA (Certified Manager of Community Associations) designation issued by the Community Association Managers International Certification Board. While this certification reflects industry knowledge and commitment to professional development, it is voluntary and not backed by statutory enforcement authority. Unlike a state-issued license, a voluntary credential does not provide regulatory oversight, investigatory authority, mandatory continuing education enforced by the State, or formal disciplinary mechanisms such as suspension or revocation.

Some may argue that voluntary certification and market forces are sufficient. However, self-regulation does not ensure uniform compliance or provide homeowners with a structured avenue for regulatory recourse. In sectors where millions of dollars and essential infrastructure are at stake, reliance solely on voluntary participation leaves gaps that expose homeowners and local economies to preventable financial harm. A state licensure framework establishes baseline standards, enforceable fiduciary obligations, and a clear accountability structure.

From a fiscal standpoint, this bill protects Maryland's housing economy and local tax base.

Fieldside, my community, consists of approximately 487 homes with an estimated average value of \$500,000 per home — representing roughly \$243.5 million in residential property value. A modest 5% decline in value due to financial instability or deferred maintenance would equate to approximately \$12.175 million in lost assessed value. At an estimated 1% property tax rate, which represents roughly \$121,750 in annual local revenue impact from a single subdivision.

Multiply that risk across multiple communities, particularly in counties where common ownership communities comprise a significant portion of housing inventory, and the downstream fiscal implications become material. Counties rely heavily on stable property assessments to fund schools, infrastructure, and public safety.

The insurance market further underscores this risk. In today's tightening underwriting environment, insurers scrutinize reserve adequacy, governance practices, and maintenance history. Associations demonstrating weak financial oversight present elevated risk profiles. Higher risk means homeowners face increased premiums, bigger deductibles, limited coverage options, or non-renewals.

House Bill 0853 establishes baseline professional standards licensure, continuing education, bonding requirements, and enforceable accountability that reduce information asymmetry and strengthen underwriting confidence. This law does not aim to criticize or single out property management companies. Rather, it seeks to elevate the profession in Maryland by creating consistent, enforceable standards that protect homeowners, strengthen market confidence, and promote uniform accountability across the industry.

Seven states already require licensing or certification for community association managers. Maryland would not be creating an untested model; it would be aligning with established regulatory frameworks that enhance consumer protection and market stability.

I respectfully support this legislation with one important clarification: these standards must apply equally to associations under developer control. Financial risk exposure begins at inception, not at transition. Homeowners deserve transparency, protection, and accountability from day one.

House Bill 0853 is about housing stability, insurance market confidence, preservation of county tax bases, and responsible regulatory policy.

For these reasons, I respectfully request a favorable report on House Bill 853.

Respectfully submitted,

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