

**BRIAN E. FROSH**  
*Attorney General*

**ELIZABETH F. HARRIS**  
*Chief Deputy Attorney General*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*



**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

Writer's Fax No.

Writer's Direct Dial No.  
410-576-6986  
kwilponewelborn@oag.state.md.us

February 5, 2021

To: The Honorable Paul G. Pinsky  
Chair, Education, Health, and Environmental Affairs

From: Kira Wilpone-Welborn  
Consumer Protection Division

Re: Senate Bill 73 – State Real Estate Commission - Property Managers– Registration  
(SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 73 submitted by Senator Ronald N. Young. This bill provides for the registration, licensing and bonding of property managers of rental facilities.

Many multi-unit complexes have property managers to run the business of managing the apartments and controlling the funds held by those businesses. Despite being responsible for handling large sums of money, there is presently no mechanism to track these managers and no requirement that they be bonded. Instilling requirements to register and bond these individuals, not only helps to ensure that these entities are responsive to the needs of their residents, but also helps to ensure that these entities are financially sustainable. However, the bill excludes property managers for rental facilities having 25 or more units, leaving larger rental facilities handling large sums of money and responsible for the welfare of a significant number of tenants without the protections of this bill. We recommend that this bill be expanded to include property managers who lease, manage, advertise, rent or handle trust money of an apartment complex regardless of the number of units.

In the past, there have been property management companies that have stolen large sums of money from the communities they represent. Many have heard the horror stories of Legacy Management and the devastating impact their unscrupulous acts had on the communities they managed. As recently as July of 2019, the Consumer Protection Division settled with another property management company that misappropriated over \$2 million dollars from homeowners and condominium associations, affecting over 1,500 individuals. While Senate Bill 73 would not apply to these types of property managers, the misappropriation occurred in that case reflects what could occur with property managers of apartment complexes and other multi-unit facilities

The Honorable Paul G. Pinsky

SB 73

February 5, 2021

Page Two

and it is imperative that we take action to protect residents of these units and their owners before such incidents occur.

For these reasons, we ask that the Education, Health, and Environmental Affairs Committee return a favorable report on this bill and remove the exclusion for apartment complexes with 25 or more units.

cc: The Honorable Ronald N. Young  
Members, Education, Health, and Environmental Affairs