

## **FAQ ON MANAGEMENT COMPANIES AND SPECIAL COMMUNITY BENEFIT DISTRICTS (SCBDs)**

### **Can the community association hire a management company?**

Yes, a community association can hire a property management company to manage functions outside of the purposes and funds of the SCBD. If you are unsure of the purposes of the SCBD, please visit the County Code at the following link:

[https://codelibrary.amlegal.com/codes/annearundel/latest/annearundelco\\_md/0-0-0-102359](https://codelibrary.amlegal.com/codes/annearundel/latest/annearundelco_md/0-0-0-102359)

### **Can the management company manage SCBD funds?**

No, the community association must administer the district and its funds per County Code § 4-7-101. A management company cannot manage SCBD funds, including holding or having access to those funds.

### **What type of services can a management company provide?**

The management company may perform a service such as hiring and scheduling maintenance with the approval of the community association for a fee. The community association is responsible for paying the maintenance company's fee and the underlying services.

Example of an acceptable service:

The management company is contracted to find vendors to cut the grass on community owned property. The community association pays the management company a fee to find the vendor and then pays the vendor directly from SCBD funds.

### **What type of services are restricted?**

The community association may not pay the management company a fee that includes the cost of the underlying service. This would be administering the purposes of the district and the district fees, or complete management. Restricted services include but are not limited to bill payment, invoice approval, preparation of budgets, and management of any accounts holding SCBD tax revenues.

Example of a restricted service:

The management company is contracted to find vendors to cut the grass on the community owned property. The management company chooses a vendor and also pays that vendor to cut the grass on behalf of the community association using SCBD funds.

If you have any questions regarding a current agreement with a management company or a proposed agreement, please email [budget-scbd@aacounty.org](mailto:budget-scbd@aacounty.org).