

HOUSE BILL 1471

C2

4r2828
CF 4r2831

By: **Delegates Stocksdale and Beidle**

Introduced and read first time: February 21, 2014

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **State Real Estate Commission – Registration of Residential Rental Property**
3 **Managers**

4 FOR the purpose of requiring a person to be registered by the State Real Estate
5 Commission as a rental property manager within a certain period of time after
6 the person begins providing rental property management services in the State;
7 providing a certain exception to the registration requirement; establishing
8 certain qualifications for each employee of an applicant for a registration;
9 requiring an applicant for a registration to submit a certain application, pay a
10 certain fee, and submit certain proof and additional information to the
11 Commission; requiring the Commission to grant a registration and issue a
12 registration certificate to each applicant who meets certain requirements;
13 establishing a certain registration term and certain renewal procedures;
14 requiring a rental property manager to purchase fidelity insurance in a certain
15 amount before beginning to provide rental property management services;
16 requiring a copy of the fidelity insurance policy or fidelity bond to be included in
17 the books and records kept by the rental property manager; defining certain
18 terms; requiring a person who provided rental property management services
19 on or before a certain date to register with the Commission on or before a
20 certain date; providing for a delayed effective date; and generally relating to the
21 registration of residential rental property managers.

22 BY repealing and reenacting, with amendments,
23 Article – Business Occupations and Professions
24 Section 17–101
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2013 Supplement)

27 BY adding to
28 Article – Business Occupations and Professions

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 17–3B–01 through 17–3B–06 to be under the new subtitle “Subtitle 3B.
2 Residential Rental Property Management”
3 Annotated Code of Maryland
4 (2010 Replacement Volume and 2013 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article – Business Occupations and Professions**

8 17–101.

9 (a) In this title the following words have the meanings indicated.

10 (b) “Affiliate” means, unless the context requires otherwise, to establish
11 between an individual and a real estate broker an employment or other contractual
12 relationship under which the individual is authorized to provide real estate brokerage
13 services on behalf of the real estate broker.

14 (c) “Associate real estate broker” means an individual:

15 (1) who meets the requirements for a real estate broker license under
16 § 17–305 of this title but who applies for and is granted an associate real estate broker
17 license under §§ 17–307 and 17–309 of this title; and

18 (2) who, under the associate real estate broker license, may provide
19 real estate brokerage services on behalf of a licensed real estate broker with whom the
20 associate real estate broker is affiliated.

21 (d) “Commission” means the State Real Estate Commission.

22 (e) “Guaranty Fund” means a real estate guaranty fund established by the
23 Commission under § 17–402 of this title.

24 (f) “Hearing board” means a real estate hearing board appointed by the
25 Commission under § 17–325 of this title.

26 (g) (1) “License” means, unless the context requires otherwise, a license
27 issued by the Commission.

28 (2) “License” includes, unless the context requires otherwise:

29 (i) a real estate broker license;

30 (ii) an associate real estate broker license; and

31 (iii) a real estate salesperson license.

1 (h) “Licensed associate real estate broker” means, unless the context requires
2 otherwise, an associate real estate broker who is licensed by the Commission to
3 provide real estate brokerage services on behalf of a licensed real estate broker with
4 whom the associate real estate broker is affiliated.

5 (i) “Licensed real estate broker” means, unless the context requires
6 otherwise, a real estate broker who is licensed by the Commission to provide real
7 estate brokerage services.

8 (j) “Licensed real estate salesperson” means, unless the context requires
9 otherwise, a real estate salesperson who is licensed by the Commission to provide real
10 estate brokerage services on behalf of a licensed real estate broker with whom the real
11 estate salesperson is affiliated.

12 (k) “Licensee” means a licensed real estate broker, a licensed associate real
13 estate broker, or a licensed real estate salesperson.

14 (l) “Provide real estate brokerage services” means to engage in any of the
15 following activities:

16 (1) for consideration, providing any of the following services for
17 another person:

18 (i) selling, buying, exchanging, or leasing any real estate; or

19 (ii) collecting rent for the use of any real estate;

20 (2) for consideration, assisting another person to locate or obtain for
21 purchase or lease any residential real estate;

22 (3) engaging regularly in a business of dealing in real estate or leases
23 or options on real estate;

24 (4) engaging in a business the primary purpose of which is promoting
25 the sale of real estate through a listing in a publication issued primarily for the
26 promotion of real estate sales;

27 (5) engaging in a business that subdivides land that is located in any
28 state and sells the divided lots; or

29 (6) for consideration, serving as a consultant regarding any activity
30 set forth in items (1) through (5) of this subsection.

31 (M) **“PROVIDE RENTAL PROPERTY MANAGEMENT SERVICES” MEANS TO:**

1 **(1) ACT WITH THE AUTHORITY OF THE RENTAL PROPERTY OWNER**
2 **IN BUSINESS, LEGAL, FINANCIAL, OR OTHER TRANSACTIONS WITH RESIDENTS**
3 **OF THE RENTAL PROPERTY AND OTHERS;**

4 **(2) EXECUTE THE RESOLUTIONS AND DECISIONS OF THE RENTAL**
5 **PROPERTY OWNER OR, WITH THE AUTHORITY OF THE RENTAL PROPERTY**
6 **OWNER, ENFORCE THE RIGHTS OF THE RENTAL PROPERTY OWNER SECURED BY**
7 **STATUTE, CONTRACT, COVENANT, OR RULE;**

8 **(3) NEGOTIATE CONTRACTS OR OTHERWISE COORDINATE OR**
9 **ARRANGE FOR SERVICES OR THE PURCHASE OF PROPERTY AND GOODS FOR A**
10 **RENTAL PROPERTY OWNER;**

11 **(4) COLLECT, DISBURSE, OR OTHERWISE EXERCISE DOMINION OR**
12 **CONTROL OVER MONEY OR OTHER PROPERTY BELONGING TO A RENTAL**
13 **PROPERTY OWNER;**

14 **(5) PREPARE BUDGETS, FINANCIAL STATEMENTS, OR OTHER**
15 **FINANCIAL REPORTS FOR A RENTAL PROPERTY OWNER; OR**

16 **(6) OFFER OR SOLICIT TO PERFORM ANY OF THE ACTS OR**
17 **SERVICES LISTED IN ITEMS (1) THROUGH (5) OF THIS SUBSECTION ON BEHALF**
18 **OF A RENTAL PROPERTY OWNER.**

19 **[(m)] (N)** (1) “Real estate” means any interest in real property that is
20 located in this State or elsewhere.

21 (2) “Real estate” includes:

22 (i) an interest in a condominium; and

23 (ii) a time-share estate or a time-share license, as those terms
24 are defined in § 11A-101 of the Real Property Article.

25 **[(n)] (O)** “Real estate broker” means an individual who provides real estate
26 brokerage services.

27 **[(o)] (P)** “Real estate salesperson” means an individual who, while affiliated
28 with and acting on behalf of a real estate broker, provides real estate brokerage
29 services.

30 **(Q) “REGISTERED RENTAL PROPERTY MANAGER” MEANS, UNLESS THE**
31 **CONTEXT REQUIRES OTHERWISE, A PERSON WHO IS ISSUED A REGISTRATION BY**
32 **THE COMMISSION TO PROVIDE RENTAL PROPERTY MANAGEMENT SERVICES.**

1 **(R) “RENTAL PROPERTY MANAGER” MEANS A PERSON WHO PROVIDES**
2 **RENTAL PROPERTY MANAGEMENT SERVICES.**

3 **(S) “RENTAL PROPERTY OWNER” MEANS A PERSON WHO OWNS AND**
4 **RENTS RESIDENTIAL REAL PROPERTY.**

5 **SUBTITLE 3B. RESIDENTIAL RENTAL PROPERTY MANAGEMENT.**

6 **17-3B-01.**

7 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, A PERSON SHALL**
8 **BE REGISTERED BY THE COMMISSION AS A RENTAL PROPERTY MANAGER NO**
9 **LATER THAN 20 DAYS AFTER THE PERSON BEGINS PROVIDING RENTAL**
10 **PROPERTY MANAGEMENT SERVICES IN THE STATE.**

11 **(B) A RENTAL PROPERTY OWNER WHO PROVIDES RENTAL PROPERTY**
12 **MANAGEMENT SERVICES FOR RESIDENTIAL REAL PROPERTY OWNED BY THE**
13 **RENTAL PROPERTY OWNER IS NOT REQUIRED TO BE REGISTERED UNDER THIS**
14 **SUBTITLE.**

15 **17-3B-02.**

16 **(A) TO QUALIFY FOR A RENTAL PROPERTY MANAGER REGISTRATION,**
17 **AN APPLICANT SHALL REQUIRE THAT EACH EMPLOYEE OF THE APPLICANT**
18 **MEET THE REQUIREMENTS OF THIS SECTION.**

19 **(B) EACH EMPLOYEE SHALL:**

20 **(1) BE OF GOOD CHARACTER AND REPUTATION;**

21 **(2) BE AT LEAST 18 YEARS OLD;**

22 **(3) BE A HIGH SCHOOL GRADUATE OR THE EQUIVALENT; AND**

23 **(4) MEET ANY OTHER REQUIREMENT THAT THE COMMISSION**
24 **ESTABLISHES TO ENSURE THAT EMPLOYEES OF REGISTRANTS ARE**
25 **PROFESSIONALLY COMPETENT AND OF GOOD CHARACTER AND REPUTATION.**

26 **17-3B-03.**

27 **AN APPLICANT FOR A REGISTRATION SHALL:**

1 (1) SUBMIT TO THE COMMISSION AN APPLICATION ON THE FORM
2 THAT THE COMMISSION PROVIDES;

3 (2) PAY TO THE COMMISSION AN APPLICATION FEE SET BY THE
4 COMMISSION;

5 (3) SUBMIT TO THE COMMISSION PROOF THAT THE APPLICANT
6 HAS SATISFIED THE FIDELITY INSURANCE REQUIREMENTS OF § 17-3B-06 OF
7 THIS SUBTITLE; AND

8 (4) SUBMIT TO THE COMMISSION ANY ADDITIONAL INFORMATION
9 OR DOCUMENTATION THAT THE COMMISSION REQUIRES, INCLUDING ANY
10 INFORMATION OR DOCUMENTATION TO DETERMINE THE PROFESSIONAL
11 COMPETENCE OR THE GOOD CHARACTER AND REPUTATION OF EACH EMPLOYEE
12 OF THE APPLICANT.

13 **17-3B-04.**

14 (A) ON COMPLIANCE BY THE APPLICANT WITH THE PROCEDURES
15 UNDER § 17-3B-03 OF THIS SUBTITLE, THE COMMISSION SHALL GRANT A
16 REGISTRATION TO EACH APPLICANT WHO MEETS THE REQUIREMENTS OF THIS
17 SUBTITLE FOR THE REGISTRATION.

18 (B) THE COMMISSION SHALL ISSUE A REGISTRATION CERTIFICATE TO
19 EACH APPLICANT WHO HAS BEEN GRANTED A REGISTRATION UNDER THIS
20 SECTION.

21 **17-3B-05.**

22 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
23 UNLESS A RENTAL PROPERTY MANAGER REGISTRATION IS RENEWED FOR A
24 2-YEAR TERM AS PROVIDED IN THIS SECTION, THE REGISTRATION EXPIRES ON
25 THE FIRST MARCH 1 THAT COMES:

26 (1) AFTER THE EFFECTIVE DATE OF THE REGISTRATION; AND

27 (2) IN AN EVEN-NUMBERED YEAR.

28 (B) THE SECRETARY MAY DETERMINE THAT REGISTRATIONS ISSUED
29 UNDER THIS SUBTITLE EXPIRE ON A STAGGERED BASIS.

30 (C) AT LEAST 1 MONTH BEFORE A REGISTRATION EXPIRES, THE
31 COMMISSION SHALL MAIL TO THE REGISTRANT:

1 (1) A RENEWAL APPLICATION FORM; AND

2 (2) A NOTICE THAT STATES:

3 (I) THE DATE ON WHICH THE CURRENT REGISTRATION
4 EXPIRES;

5 (II) THE DATE BY WHICH THE COMMISSION MUST RECEIVE
6 THE RENEWAL APPLICATION FOR THE RENEWAL TO BE ISSUED AND MAILED
7 BEFORE THE REGISTRATION EXPIRES; AND

8 (III) THE AMOUNT OF THE RENEWAL FEE.

9 (D) BEFORE A REGISTRATION EXPIRES, THE REGISTRANT
10 PERIODICALLY MAY RENEW THE REGISTRATION FOR AN ADDITIONAL 2-YEAR
11 TERM IF THE REGISTRANT:

12 (1) OTHERWISE IS ENTITLED TO BE REGISTERED;

13 (2) PAYS TO THE COMMISSION A RENEWAL FEE SET BY THE
14 COMMISSION;

15 (3) SUBMITS TO THE COMMISSION A RENEWAL APPLICATION ON
16 THE FORM THAT THE COMMISSION PROVIDES; AND

17 (4) SUBMITS TO THE COMMISSION PROOF THAT THE REGISTRANT
18 HAS SATISFIED THE FIDELITY INSURANCE REQUIREMENTS OF § 17-3B-06 OF
19 THIS SUBTITLE.

20 (E) THE COMMISSION SHALL RENEW THE REGISTRATION OF AND ISSUE
21 A RENEWAL CERTIFICATE TO EACH REGISTRANT WHO MEETS THE
22 REQUIREMENTS OF THIS SECTION.

23 **17-3B-06.**

24 (A) IN THIS SECTION, "FIDELITY INSURANCE" INCLUDES A FIDELITY
25 BOND.

26 (B) BEFORE BEGINNING TO PROVIDE RENTAL PROPERTY MANAGEMENT
27 SERVICES, A RENTAL PROPERTY MANAGER SHALL PURCHASE FIDELITY
28 INSURANCE THAT PROVIDES FOR THE INDEMNIFICATION OF THE RENTAL
29 PROPERTY OWNER AGAINST LOSS RESULTING FROM ACTS OR OMISSIONS

1 ARISING FROM FRAUD, DISHONESTY, OR CRIMINAL ACTS BY ANY OFFICER,
2 DIRECTOR, MANAGING AGENT, OR OTHER AGENT OR EMPLOYEE OF THE
3 REGISTERED RENTAL PROPERTY MANAGER.

4 (C) A COPY OF THE FIDELITY INSURANCE POLICY OR FIDELITY BOND
5 REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE INCLUDED IN
6 THE BOOKS AND RECORDS KEPT BY THE RENTAL PROPERTY MANAGER.

7 (D) THE AMOUNT OF THE FIDELITY INSURANCE REQUIRED UNDER
8 SUBSECTION (B) OF THIS SECTION SHALL BE:

9 (1) FOR A REGISTERED RENTAL PROPERTY MANAGER THAT
10 PROVIDES RENTAL PROPERTY MANAGEMENT SERVICES FOR FEWER THAN FIVE
11 RENTAL PROPERTIES, \$100,000; AND

12 (2) FOR A REGISTERED RENTAL PROPERTY MANAGER THAT
13 PROVIDES RENTAL PROPERTY MANAGEMENT SERVICES FOR FIVE OR MORE
14 RENTAL PROPERTIES, \$300,000.

15 SECTION 2. AND BE IT FURTHER ENACTED, That a person who provided
16 rental property management services before the effective date of this Act shall register
17 with the State Real Estate Commission as required under this Act on or before March
18 1, 2015.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 January 1, 2015.