

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulation
Department of Labor, Licensing, and Regulation
(DLS Control No. 14-059)**

Overview and Legal and Fiscal Impact

This regulation requires a holder of a license issued by the Maryland Real Estate Commission to verify that a service provider's State license is current before offering the name of the provider to a party in a real estate transaction or a potential transaction and to provide information to allow the party to verify the license information themselves.

The regulation presents no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulation of COMAR Affected

Department of Labor, Licensing, and Regulation:

Real Estate Commission: Code of Ethics:
COMAR 09.11.02.01

Legal Analysis

Background

The Maryland Real Estate Commission was created by Chapter 351 of 1939 to protect the health, safety, and welfare of the public through its examination, licensing, and regulatory activities with regard to real estate. Specifically, the commission:

- licenses all real estate brokers, associate brokers, and salespersons;
- regulates the continuing education required of all licensees;
- processes complaints against licensees, including charges resulting from a failed audit of a licensee's continuing education credits; and
- administers the Real Estate Guaranty Fund, which provides limited restitution to consumers who have filed valid claims against licensees.

Summary of Regulation

The regulation amends the provisions of the code of ethics governing relations with the public by requiring a real estate licensee, if the licensee offers the name of a service provider to a party in a real estate transaction or potential transaction, to first verify that the provider's State license to perform the services is current. The regulation further requires the licensee to give the person the electronic link to the licensing record information of the service provider and the date on which the licensee last verified the information, so that the person may verify the license status before entering into a contract with the provider.

The regulation specifies that a service provider includes a mortgage lender or mortgage broker, a real estate appraiser, a home inspector, a home improvement contractor, a plumber, an electrician, or a heating/ventilation/air-conditioning/cooling contractor.

Legal Issue

The regulation presents no legal issues of concern.

Statutory Authority and Legislative Intent

The commission cites § 17-207 of the Business Occupations and Professions Article as authority for the regulation. Section 17-207 requires the commission to adopt, by regulation, a code of ethics to set standards of conduct for all individuals licensed under the Maryland Real Estate Brokers Act. Subsection 17-208(a) of the Business Occupations and Professions Article further authorizes the commission generally to adopt reasonable regulations to carry out the Act. This authority is correct and complete. The regulation complies with the legislative intent of the law.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The department advises that the regulation has minimal or no impact on State or local governments. The Department of Legislative Services concurs.

Impact on Budget

There is no impact on the State operating or capital budgets.

Agency Estimate of Projected Small Business Impact

The department advises that the regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

Additional Comments

The regulation requires a licensee to verify the licensure status of certain service providers on the department's website. There is no cost to a licensee associated with taking this action.

Contact Information

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