

SENATE BILL 523

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C2

2002 Regular Session  
(2r2109)

ENROLLED BILL

-- Education, Health, and Environmental Affairs/Economic Matters --

Introduced by **Senators Conway and Collins**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Nonresident Real Estate Brokers - Commercial Real Estate - Reciprocity**

3 FOR the purpose of adding a new part to a certain subtitle of the Business and  
4 Occupations Article; requiring a nonresident real estate broker to meet certain  
5 conditions in order to ~~provide commercial~~ engage in a commercial real estate  
6 ~~brokerage services~~ transaction in this State; requiring a certain written  
7 application to be submitted to the State Real Estate Commission before a  
8 nonresident real estate broker may provide services; requiring a nonresident  
9 real estate salesperson to meet certain conditions in order to provide certain real  
10 estate services in this State; establishing a fee for a temporary license; imposing  
11 certain reciprocity requirements; allocating certain trust money to be received  
12 and deposited in a certain fund; designating the ~~Secretary of State~~ Executive  
13 Director of the State Real Estate Commission as the agent for certain real estate  
14 brokers and salespersons with regard to a subpoena, summons, or other process;  
15 defining certain terms; and generally relating to nonresident real estate  
16 brokers.

17 BY adding to

1 Article - Business Occupations and Professions  
 2 Section 17-536 through 17-540, inclusive, to be under the new part "Part IV.  
 3 Nonresident Commercial Real Estate Brokers"  
 4 Annotated Code of Maryland  
 5 (2000 Replacement Volume and 2001 Supplement)

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

8 **Article - Business Occupations and Professions**

9 **PART IV. NONRESIDENT COMMERCIAL REAL ESTATE BROKERS.**  
 10 17-536.

11 (A) IN THIS PART IV OF THIS SUBTITLE THE FOLLOWING WORDS HAVE THE  
 12 MEANINGS INDICATED.

13 (B) "COMMERCIAL REAL ESTATE" MEANS:

14 (1) REAL PROPERTY IMPROVED BY FIVE OR MORE SINGLE-FAMILY  
 15 UNITS; ~~AND~~

16 (2) IMPROVED AND UNIMPROVED REAL PROPERTY ZONED FOR  
 17 COMMERCIAL, INDUSTRIAL, OR NONRESIDENTIAL USE BY THE LOCAL ZONING  
 18 AUTHORITY OF THE COUNTY OR MUNICIPALITY IN WHICH THE PROPERTY IS  
 19 LOCATED; AND

20 (3) UNIMPROVED REAL PROPERTY ZONED FOR IMPROVEMENT AS  
 21 MULTI-FAMILY MULTIFAMILY UNITS BY THE LOCAL ZONING AUTHORITY OF THE  
 22 COUNTY OR MUNICIPALITY IN WHICH THE PROPERTY IS LOCATED.

23 (C) "COMMERCIAL REAL ESTATE" DOES NOT ~~MEAN~~ INCLUDE:

24 (1) PROPERTY ZONED FOR AGRICULTURAL USE; OR

25 (2) SINGLE-FAMILY UNITS, INCLUDING A CONDOMINIUM OR CO-OP  
 26 UNIT, ~~LOCATED IN A RESIDENTIAL SUBDIVISION~~ FOR SALE OR FOR LEASE, OR  
 27 OTHERWISE CONVEYED OR TO BE CONVEYED ON A SINGLE BASIS.

28 (D) "NONRESIDENT REAL ESTATE BROKER" MEANS AN INDIVIDUAL,  
 29 PARTNERSHIP, JOINT VENTURE, LIMITED LIABILITY COMPANY, LIMITED LIABILITY  
 30 PARTNERSHIP, OR CORPORATION THAT IS NOT LICENSED UNDER SUBTITLE 3 OF  
 31 THIS TITLE BUT IS LICENSED TO PROVIDE REAL ESTATE BROKERAGE SERVICES IN A  
 32 JURISDICTION OTHER THAN THIS STATE.

33 (E) "NONRESIDENT REAL ESTATE SALESPERSON" MEANS AN INDIVIDUAL  
 34 WHO IS NOT LICENSED UNDER SUBTITLE 3 OF THIS TITLE BUT IS LICENSED TO

1 PROVIDE REAL ESTATE BROKERAGE SERVICES AND IS AFFILIATED WITH A  
2 NONRESIDENT REAL ESTATE BROKER.

3 17-537.

4 (A) A NONRESIDENT REAL ESTATE BROKER MAY ~~PROVIDE REAL ESTATE~~  
5 ~~BROKERAGE SERVICES~~ ENGAGE IN A TRANSACTION UNDER THIS TITLE WITH  
6 RESPECT TO COMMERCIAL REAL ESTATE LOCATED IN THIS STATE AND RECEIVE  
7 COMPENSATION PROVIDED THE NONRESIDENT BROKER:

8 (1) PROVIDES REAL ESTATE BROKERAGE SERVICES THROUGH A REAL  
9 ESTATE BROKER LICENSED UNDER THIS TITLE;

10 (2) ENTERS INTO A WRITTEN AGREEMENT WITH A LICENSED REAL  
11 ESTATE BROKER IN THIS STATE WHICH:

12 (I) SPECIFIES THE TERMS OF COOPERATION AND COMPENSATION  
13 AND INCLUDES A STATEMENT BY THE NONRESIDENT REAL ESTATE BROKER THAT  
14 THE NONRESIDENT REAL ESTATE BROKER AND THE NONRESIDENT SALESPERSONS  
15 LICENSED AND AFFILIATED WITH THE NONRESIDENT REAL ESTATE BROKER WILL  
16 BOTH ADHERE TO THE LAWS OF THIS STATE AND THIS TITLE; AND

17 (II) ALLOCATES THE RESPONSIBILITY FOR THE ACTIONS OF THE  
18 NONRESIDENT BROKER IN THE TRANSACTION; AND

19 (3) COMPLIES WITH THE REQUIREMENTS OF SUBSECTION (B) OF THIS  
20 SECTION.

21 (B) BEFORE A NONRESIDENT REAL ESTATE BROKER MAY PROVIDE REAL  
22 ESTATE BROKERAGE SERVICES IN THIS STATE, THE NONRESIDENT REAL ESTATE  
23 BROKER SHALL MAKE WRITTEN APPLICATION TO THE COMMISSION INCLUDING:

24 (1) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
25 NONRESIDENT REAL ESTATE BROKER;

26 (2) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE BUSINESS  
27 ENTITY THROUGH WHICH THE NONRESIDENT REAL ESTATE BROKER PROVIDES  
28 REAL ESTATE BROKERAGE SERVICES;

29 (3) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF EACH  
30 NONRESIDENT REAL ESTATE SALESPERSON WHO WILL OFFER OR PROVIDE REAL  
31 ESTATE BROKERAGE SERVICES IN THIS STATE ON BEHALF OF THE NONRESIDENT  
32 REAL ESTATE BROKER;

33 (4) A COPY OF THE AGREEMENT REQUIRED BY SUBSECTION (A) OF THIS  
34 SECTION;

35 (5) WRITTEN EVIDENCE THAT THE NONRESIDENT REAL ESTATE  
36 BROKER AND EACH NONRESIDENT REAL ESTATE SALESPERSON LISTED UNDER

1 PARAGRAPH (3) OF THIS SUBSECTION, ARE DULY LICENSED IN ANOTHER  
2 JURISDICTION, AND THAT THE LICENSE IS VALID, CURRENT, AND ACTIVE;

3 (6) WRITTEN CONSENT SIGNED BY THE NONRESIDENT REAL ESTATE  
4 BROKER, INDIVIDUALLY AND ON BEHALF OF THE BUSINESS ENTITY, AND BY EACH  
5 NONRESIDENT REAL ESTATE SALESPERSON LISTED UNDER PARAGRAPH (3) OF THIS  
6 SUBSECTION, THAT SERVICE OF PROCESS ON THE ~~SECRETARY OF STATE EXECUTIVE~~  
7 DIRECTOR OF THE COMMISSION SHALL BIND THE APPLICANT IN ANY ACTION, SUIT,  
8 OR PROCEEDING BROUGHT AGAINST THE BROKER OR SALESPERSON;

9 (7) WRITTEN CONSENT SIGNED BY THE NONRESIDENT REAL ESTATE  
10 BROKER AND BY EACH NONRESIDENT SALESPERSON LISTED UNDER PARAGRAPH (3)  
11 OF THIS SUBSECTION, TO SUBMIT TO THE JURISDICTION OF THE COMMISSION FOR  
12 THE PURPOSES OF DISCIPLINARY ACTION UNDER § 17-322 OF THIS TITLE; AND

13 (8) ANY OTHER INFORMATION THAT IS REQUESTED BY THE  
14 COMMISSION; AND

15 (9) A TEMPORARY LICENSE FEE OF \$45.

16 (C) THE COMMISSION SHALL ISSUE A TEMPORARY LICENSE TO A  
17 NONRESIDENT REAL ESTATE BROKER WHO COMPLIES WITH THE REQUIREMENTS OF  
18 THIS SECTION IF THE JURISDICTION IN WHICH THE REAL ESTATE BROKER HOLDS A  
19 CURRENT LICENSE ALLOWS A MARYLAND BROKER TO OBTAIN A TEMPORARY  
20 LICENSE UNDER SIMILAR CIRCUMSTANCES.

21 17-538.

22 (A) UPON APPROVAL BY THE COMMISSION, A NONRESIDENT REAL ESTATE  
23 BROKER MAY ~~PROVIDE REAL ESTATE BROKERAGE SERVICES~~ ENGAGE IN A  
24 TRANSACTION IN THIS STATE WITH RESPECT TO COMMERCIAL REAL ESTATE.

25 (B) A NONRESIDENT REAL ESTATE SALESPERSON LICENSED IN ANOTHER  
26 JURISDICTION AND AFFILIATED WITH A NONRESIDENT REAL ESTATE BROKER MAY  
27 ~~PROVIDE REAL ESTATE BROKERAGE SERVICES~~ ENGAGE IN A TRANSACTION IN THIS  
28 STATE WITH RESPECT TO COMMERCIAL REAL ESTATE IF:

29 (1) THE NONRESIDENT REAL ESTATE SALESPERSON IS LICENSED WITH  
30 AND PROVIDES REAL ESTATE BROKERAGE SERVICES UNDER THE DIRECT  
31 SUPERVISION OF THE NONRESIDENT REAL ESTATE BROKER;

32 (2) THE NONRESIDENT REAL ESTATE BROKER SATISFIES THE  
33 REQUIREMENTS OF § 17-537 OF THIS SUBTITLE; AND

34 (3) THE NONRESIDENT REAL ESTATE SALESPERSON PROVIDES REAL  
35 ESTATE BROKERAGE SERVICES IN THE NAME OF THE NONRESIDENT REAL ESTATE  
36 BROKER.

1 17-539.

2 ALL TRUST MONEY PAID ON ACCOUNT OF A TRANSACTION INVOLVING  
3 COMMERCIAL REAL ESTATE IN THIS STATE SHALL BE RECEIVED AND DEPOSITED IN  
4 THE TRUST ACCOUNT OF THE MARYLAND BROKER IN ACCORDANCE WITH PART I OF  
5 THIS SUBTITLE.

6 17-540.

7 BY FILING THE WRITTEN CONSENT REQUIRED UNDER § 17-537(B)(6) OF THIS  
8 SUBTITLE, THE NONRESIDENT REAL ESTATE BROKER OR NONRESIDENT REAL  
9 ESTATE SALESPERSON APPOINTS THE ~~SECRETARY OF STATE~~ EXECUTIVE DIRECTOR  
10 OF THE COMMISSION AS AGENT TO RECEIVE A SUBPOENA, SUMMONS, OR OTHER  
11 PROCESS.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2002.