

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1249
Economic Matters

(Delegate Vaughn, *et al.*)

Education, Health, and Environmental Affairs

**Business Occupations and Professions - Real Estate Licenses - Requirements for
Licensure and Renewal**

This bill alters several provisions relating to the pre-licensing and continuing education (CE) requirements of licenses for real estate brokers, associate real estate brokers, and real estate salespersons.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: In addition to current requirements, an applicant for a real estate salesperson, associate real estate broker, or real estate broker license must successfully complete a three clock-hour course in real estate ethics approved by the State Real Estate Commission.

The bill phases in increased CE requirements for license renewal for licensees who have been licensed for 10 years or more. After October 1, 2008, all licensees, except those who possess a graduate degree in law or real estate, will need to complete at least 15 hours of continuing education. Licensees with a graduate degree in law or real estate must complete at least 7.5 clock-hours of CE instruction to qualify for license renewal. However, those 7.5 clock-hours must be in prescribed areas. The bill also repeals the

provision that a licensee who is granted a license during the second year of a two-year term may renew a license without complying with CE requirements.

Approved CE subject matter must relate to real estate or to a subject matter intended to assist a licensee in helping the public buy or sell real estate. Every two years, all licensees must complete a three clock-hour course that includes the Maryland Code of Ethics and discussion of the practices of flipping and predatory lending. Additionally, the CE requirement that at least one 1.5 clock-hour course be completed that outlines federal, State, and local fair housing laws and regulations, including fair housing advertising, does not apply to a licensee who provides real estate brokerage services solely in connection with nonresidential real estate. However, such a licensee may satisfy 1.5 clock-hour of the required CE with a course regarding fair housing laws and regulations or the federal American with Disabilities Act.

A licensee holding a license from another state must complete 15 clock-hours of CE each two-year license term. If the licensing state has approved the CE instruction earned in that state and the state permits substitution of its requirements with approved CE instruction for a licensee from Maryland, then the licensee may substitute approved CE from that state for the equivalent Maryland CE requirements.

The bill requires that the State Real Estate Commission create and provide a list of available CE learning opportunities, including classes offered on the Internet.

Current Law: An applicant for a real estate salesperson license is required, among other things, to successfully complete a basic course in real estate approved by the State Real Estate Commission or, if approved by the commission as an alternative, courses in real estate subjects in any college. An applicant for an associate real estate broker license or a real estate broker license is required, among other things, to successfully complete a course in real estate approved by the commission for real estate brokers.

There are currently two levels of CE requirements for license renewal:

- (1) a licensee who has been licensed for at least 10 years must complete six clock-hours of CE outlining relevant changes in federal, State, or local laws, or any combination of those laws; and
- (2) a licensee whose term began in or after 1996 must complete 15 clock-hours of CE.

For licensees whose term began in or after 1996, the subject matter that the commission approves must: (1) relate to real estate; (2) every two years, include a three-hour course that outlines relevant changes in federal, State, and local laws and regulations; and (3) every two years, include a 1.5 clock-hour course that outlines federal, State, and local fair

housing laws and regulations, including fair housing advertising. A licensee who is granted a license during the second year of a license term may renew a license without complying with CE requirements.

Licensees providing solely nonresidential brokerage services are exempt from the 1.5 clock-hour fair housing course.

CE courses must be taught by a qualified instructor through one of the following:

- the Maryland Association of Realtors or its member boards;
- the Real Estate Brokers of Baltimore, Inc.;
- any similar professional organization; or
- an educational institution approved by the commission.

Background: The National Association of Realtors adopted a code of ethics in 1913, and the State Real Estate Commission adopted a code of ethics in 1967. The bill incorporates review of an ethics code into the continuing education requirements that apply to all licensees and updates overall CE requirements to recognize changes in technology and practices, as well as the level of experience and formal education of licensees.

Additional Information

Prior Introductions: A similar bill was introduced at the 2002 session as HB 52. An amended version of the bill was passed by both houses, but was vetoed by the Governor.

Cross File: SB 561 (Senator Pinsky) – Education, Health, and Environmental Affairs.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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