

---

By: **Senator Dyson**  
Introduced and read first time: February 3, 2006  
Assigned to: Education, Health, and Environmental Affairs

---

Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 15, 2006

---

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Real Estate Licenses - Reciprocity**

3 FOR the purpose of authorizing the State Real Estate Commission to deny, suspend,  
4 or revoke certain licenses or reprimand certain licensees under certain  
5 circumstances; prohibiting the Commission from imposing a certain fine based  
6 solely on a certain violation; authorizing the Commission to issue a reciprocal  
7 license to certain persons holding a license to provide real estate brokerage  
8 services in another state and whose principal place of business is outside the  
9 State; authorizing the Commission to deny an application for a reciprocal license  
10 under certain circumstances; prohibiting a real estate salesperson or associate  
11 real estate broker holding a reciprocal license from conducting business in the  
12 State except in affiliation with a real estate broker holding a standard or  
13 reciprocal license; authorizing the implementation of written reciprocal  
14 licensing agreements with the real estate licensing authorities of other states  
15 under certain circumstances; exempting the holder of a reciprocal license from  
16 certain requirements; prohibiting the holder of a reciprocal license from  
17 becoming a member of the Commission; specifying that obtaining a reciprocal  
18 license from the Commission constitutes sufficient contact with the State for the  
19 exercise of personal jurisdiction by the Commission and the courts of the State  
20 over the holder of the reciprocal license in certain actions; requiring the  
21 Commission to annually publish in the Maryland Register, and on the Internet,  
22 certain information regarding reciprocity agreements with other states;  
23 requiring a person that holds a reciprocal license to provide certain notification  
24 to the Commission under certain circumstances; requiring a person that holds a  
25 reciprocal license to obtain a standard license under certain licensing provisions  
26 under certain circumstances; requiring an applicant to provide certain proof at  
27 the time of application for renewal of a reciprocal license; defining certain terms;  
28 and generally relating to real estate licenses.

1 BY repealing and reenacting, with amendments,  
 2 Article - Business Occupations and Professions  
 3 Section 17-322(b)(33) and (34) and (c)  
 4 Annotated Code of Maryland  
 5 (2004 Replacement Volume and 2005 Supplement)

6 BY adding to  
 7 Article - Business Occupations and Professions  
 8 Section ~~17-322(b)(35); and 17-3A-01 through 17-3A-11~~ 17-3A-10, inclusive,  
 9 to be under the new subtitle "Subtitle 3A. Reciprocity"  
 10 Annotated Code of Maryland  
 11 (2004 Replacement Volume and 2005 Supplement)

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

14 **Article - Business Occupations and Professions**

15 17-322.

16 (b) Subject to the hearing provisions of § 17-324 of this subtitle, the  
 17 Commission may deny a license to any applicant, reprimand any licensee, or suspend  
 18 or revoke a license if the applicant or licensee:

19 (33) violates any regulation adopted under this title or any provision of  
 20 the code of ethics; [or]

21 (34) violates § 17-320(d) of this subtitle by failing as a branch office  
 22 manager to exercise reasonable and adequate supervision over the provision of real  
 23 estate brokerage services by any [sales agent] SALESPERSON or associate broker  
 24 registered with that office; OR

25 (35) HAS BEEN DISCIPLINED UNDER A REAL ESTATE LICENSING LAW OF  
 26 ANOTHER JURISDICTION.

27 (c) (1) Instead of or in addition to reprimanding a licensee or suspending or  
 28 revoking a license under this section, the Commission may impose a penalty not  
 29 exceeding \$5,000 for each violation.

30 (2) To determine the amount of the penalty imposed, the Commission  
 31 shall consider:

32 (i) the seriousness of the violation;

33 (ii) the harm caused by the violation;

34 (iii) the good faith of the licensee; and

1 (iv) any history of previous violations by the licensee.

2 (3) The Commission shall pay any penalty collected under this  
3 subsection into the General Fund of the State.

4 (4) THE COMMISSION MAY NOT IMPOSE A FINE BASED SOLELY ON A  
5 VIOLATION OF SUBSECTION (B)(35) OF THIS SECTION.

6 SUBTITLE 3A. RECIPROCITY.

7 17-3A-01.

8 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
9 INDICATED.

10 (B) "RECIPROCAL LICENSE" MEANS A LICENSE ISSUED UNDER THIS  
11 SUBTITLE.

12 (C) "STANDARD LICENSE" MEANS A LICENSE ISSUED UNDER SUBTITLE 3 OF  
13 THIS TITLE.

14 17-3A-02.

15 (A) SUBJECT TO THE LIMITATIONS OF THIS SUBTITLE, THE COMMISSION MAY  
16 ISSUE A RECIPROCAL LICENSE TO A PERSON:

17 (1) HOLDING A CURRENT LICENSE TO PROVIDE REAL ESTATE  
18 BROKERAGE SERVICES ISSUED BY ANOTHER STATE; AND

19 (2) WHOSE PRINCIPAL PLACE OF BUSINESS FOR THE PROVISION OF  
20 REAL ESTATE BROKERAGE SERVICES IS OUTSIDE THE STATE.

21 (B) THE RECIPROCAL LICENSE SHALL BE FOR THE ~~TYPE~~ CATEGORY OF  
22 LICENSE THE COMMISSION DETERMINES IS MOST SIMILAR TO THE ~~TYPE~~ CATEGORY  
23 OF LICENSE ISSUED BY THE OTHER STATE.

24 17-3A-03.

25 OBTAINING A RECIPROCAL LICENSE FROM THE COMMISSION SHALL  
26 CONSTITUTE SUFFICIENT CONTACT WITH THE STATE FOR THE EXERCISE OF  
27 PERSONAL JURISDICTION BY THE COMMISSION AND THE COURTS OF THE STATE  
28 OVER THE HOLDER OF A RECIPROCAL LICENSE IN ANY ACTION OR PROCEEDING  
29 ARISING OUT OF ACTS OR OMISSIONS BY THE HOLDER OF THE RECIPROCAL LICENSE:

30 (1) IN THE STATE; OR

31 (2) RELATING TO AN ACTUAL OR PROPOSED TRANSACTION INVOLVING  
32 REAL PROPERTY LOCATED IN THE STATE.

1 17-3A-04.

2 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION  
3 SHALL ISSUE A RECIPROCAL LICENSE TO AN APPLICANT LICENSED IN ANOTHER  
4 STATE TO PROVIDE REAL ESTATE BROKERAGE SERVICES IF:

5 (1) THE APPLICANT FILES WITH THE COMMISSION AN APPLICATION FOR  
6 A RECIPROCAL LICENSE;

7 (2) (I) THE JURISDICTION IN WHICH THE PRINCIPAL PLACE OF  
8 BUSINESS OF THE APPLICANT IS LOCATED SUBMITS A CERTIFIED COPY OF A  
9 CURRENT LICENSE ISSUED TO THE APPLICANT; OR

10 (II) THE LICENSING BODY FOR THE OTHER STATE SUBMITS A  
11 CERTIFIED STATEMENT INDICATING THAT THE APPLICANT HOLDS A CURRENT  
12 LICENSE IN THE OTHER STATE;

13 (3) THE LICENSING BODY FOR THE OTHER STATE SUBMITS:

14 (I) A STATEMENT INDICATING WHETHER THE APPLICANT HAS  
15 BEEN THE SUBJECT OF ANY DISCIPLINARY PROCEEDING; AND

16 (II) IF THE APPLICANT HAS BEEN THE SUBJECT OF ANY  
17 DISCIPLINARY PROCEEDING, THE DETAILS OF THE PROCEEDING;

18 (4) THE APPLICANT SUBMITS TO THE COMMISSION A STATEMENT  
19 ATTESTING TO THE FACT THAT:

20 (I) TO THE KNOWLEDGE OF THE APPLICANT, THE APPLICANT IS  
21 NOT THE SUBJECT OF DISCIPLINE OR A CURRENT INVESTIGATION OR PROCEEDING  
22 ALLEGING MISCONDUCT UNDER A LICENSING LAW OR CRIMINAL LAW OF THIS  
23 STATE OR ANY OTHER JURISDICTION;

24 (II) THE APPLICANT HAS NOT BEEN CONVICTED UNDER THE LAWS  
25 OF THE UNITED STATES OR OF ANY STATE OF:

26 1. A FELONY;

27 2. A MISDEMEANOR THAT IS DIRECTLY RELATED TO THE  
28 FITNESS AND QUALIFICATIONS OF THE APPLICANT TO PROVIDE REAL ESTATE  
29 BROKERAGE SERVICES; OR

30 3. A CRIME THAT CONSTITUTES A VIOLATION OF ANY  
31 PROVISION OF THIS TITLE;

32 (H) (III) THE APPLICANT HAS REVIEWED, IS FAMILIAR WITH,  
33 AND AGREES TO BE BOUND BY THE:

34 1. PROVISIONS OF THIS ~~SUBTITLE~~ TITLE; ~~AND~~

35 2. REGULATIONS OF THE COMMISSION; AND

1   3.         MARYLAND CODE OF ETHICS; AND

2   ~~(III)~~     (IV)         THE APPLICANT AGREES TO PERMIT THE DISCLOSURE  
3 TO THE COMMISSION OF THE RECORD IN ANY DISCIPLINARY PROCEEDING  
4 INVOLVING ALLEGED MISCONDUCT BY THE APPLICANT FROM ANY JURISDICTION IN  
5 WHICH THE APPLICANT IS OR HAS BEEN LICENSED;

6   (5)         THE APPLICANT PAYS THE FEES REQUIRED UNDER THIS TITLE FOR  
7 THE COMPARABLE OR EQUIVALENT LICENSE FOR WHICH THE APPLICANT IS  
8 SEEKING A RECIPROCAL LICENSE; AND

9   (6)         THE APPLICANT SUBMITS A CONSENT FORM TO SERVICE OF  
10 PROCESS, IN A FORM REQUIRED BY THE COMMISSION.

11     (B)         THE COMMISSION MAY DENY AN APPLICATION FOR A RECIPROCAL  
12 LICENSE IF THE COMMISSION FINDS THAT AN APPLICANT IS NOT OF GOOD  
13 CHARACTER AND CONDUCT BASED ON:

14   (1)         THE APPLICANT'S VIOLATION OF A REAL ESTATE LICENSING LAW OF  
15 ANOTHER STATE; OR

16   (2)         THE APPLICANT'S CONVICTION OF A CRIME DESCRIBED IN  
17 SUBSECTION (A)(4)(II) OF THIS SECTION.

18 17-3A-05.

19     A REAL ESTATE SALESPERSON OR ASSOCIATE REAL ESTATE BROKER HOLDING  
20 A RECIPROCAL LICENSE MAY NOT CONDUCT BUSINESS IN THE STATE EXCEPT IN  
21 AFFILIATION WITH A REAL ESTATE BROKER HOLDING A STANDARD OR RECIPROCAL  
22 LICENSE.

23 ~~17-3A-06.~~

24     ~~IF THE APPLICANT FOR A RECIPROCAL REAL ESTATE BROKER LICENSE IS A~~  
25 ~~CORPORATION, PARTNERSHIP, OR OTHER ENTITY, THE APPLICANT SHALL~~  
26 ~~DESIGNATE IN ITS APPLICATION A REAL ESTATE BROKER HOLDING A STANDARD OR~~  
27 ~~RECIPROCAL REAL ESTATE BROKER LICENSE.~~

28 ~~17-3A-07.~~ 17-3A-06.

29     (A)         THIS SUBTITLE MAY BE IMPLEMENTED BY WRITTEN RECIPROCAL  
30 LICENSING AGREEMENTS WITH THE REAL ESTATE LICENSING AUTHORITIES OF  
31 OTHER STATES.

32     ~~(B)         THE COMMISSION SHALL ENTER INTO AN AGREEMENT TO PROVIDE A~~  
33 ~~LICENSEE OF THIS STATE WITH THE OPPORTUNITY TO SECURE A LICENSE IN~~  
34 ~~ANOTHER STATE THAT IS SUBSTANTIALLY COMPARABLE TO THE OPPORTUNITY~~  
35 ~~AFFORDED TO A LICENSEE OF THE OTHER STATE BY THIS SUBTITLE.~~

1 ~~(C)~~ (B) SUBJECT TO ~~§ 17-3A-08~~ § 17-3A-07 OF THIS SUBTITLE, THE  
2 COMMISSION IS NOT REQUIRED TO ENTER INTO AN AGREEMENT WITH ANOTHER  
3 STATE BEFORE ISSUING A RECIPROCAL LICENSE TO A LICENSEE FROM THAT OTHER  
4 JURISDICTION.

5 ~~17-3A-08-17-3A-07.~~

6 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, IF THE COMMISSION  
7 DETERMINES THAT ANOTHER STATE DOES NOT OFFER RECIPROCAL LICENSURE  
8 OPPORTUNITIES TO A LICENSEE OF THIS STATE THAT ARE SUBSTANTIALLY  
9 COMPARABLE TO THOSE AFFORDED TO LICENSEES OF THAT OTHER STATE BY THIS  
10 SUBTITLE, THE COMMISSION SHALL REQUIRE THAT RECIPROCAL LICENSE  
11 APPLICANTS FROM THAT OTHER STATE MEET EDUCATION, EXPERIENCE, AND  
12 EXAMINATION REQUIREMENTS SUBSTANTIALLY COMPARABLE TO THOSE REQUIRED  
13 BY THAT ~~JURISDICTION~~ STATE WITH RESPECT TO LICENSEES OF THIS STATE WHO  
14 SEEK A RECIPROCAL LICENSE IN THAT OTHER STATE.

15 (B) ANY REQUIREMENTS IMPOSED UNDER SUBSECTION (A) OF THIS SECTION  
16 MAY NOT EXCEED THE REQUIREMENTS IMPOSED ON RESIDENTS OF THIS STATE FOR  
17 OBTAINING A STANDARD LICENSE.

18 ~~17-3A-09-17-3A-08.~~

19 THE COMMISSION SHALL ANNUALLY PUBLISH IN THE MARYLAND REGISTER  
20 AND MAKE AVAILABLE BOTH ON REQUEST AND ON THE INTERNET:

21 (1) (I) A LIST OF STATES WITH WHICH THE COMMISSION HAS SIGNED  
22 AGREEMENTS UNDER ~~§ 17-3A-07~~ § 17-3A-06 OF THIS SUBTITLE; AND

23 (II) A SUMMARY OF THE TERMS OF EACH AGREEMENT LISTED  
24 UNDER ITEM (I) OF THIS PARAGRAPH; AND

25 (2) (I) A LIST OF THE STATES THAT THE COMMISSION HAS  
26 IDENTIFIED UNDER ~~§ 17-3A-08~~ § 17-3A-07 OF THIS SUBTITLE AS NOT OFFERING  
27 SUBSTANTIALLY COMPARABLE RECIPROCAL LICENSURE OPPORTUNITIES; AND

28 (II) A DESCRIPTION OF THE ADDITIONAL REQUIREMENTS THE  
29 COMMISSION DETERMINES ARE NECESSARY FOR APPLICANTS FROM OTHER STATES  
30 TO COMPLY WITH THE REQUIREMENTS OF ~~§ 17-3A-08~~ § 17-3A-07 OF THIS SUBTITLE.

31 ~~17-3A-10-17-3A-09.~~

32 (A) A PERSON THAT HOLDS A RECIPROCAL LICENSE SHALL PROMPTLY  
33 NOTIFY THE COMMISSION IF THE PERSON ESTABLISHES A PRINCIPAL PLACE OF  
34 BUSINESS FOR THE PROVISION OF REAL ESTATE BROKERAGE SERVICES IN THE  
35 STATE.

36 (B) ~~ON RECEIPT OF NOTICE GIVEN BY THE COMMISSION, A RECIPROCAL~~  
37 ~~LICENSE MAY NOT BE RENEWED AND THE HOLDER OF A PERSON THAT HOLDS A~~  
38 ~~RECIPROCAL LICENSE SHALL BE REQUIRED TO OBTAIN A STANDARD LICENSE~~

1 UNDER THE LICENSING PROVISIONS OF THIS TITLE WITHIN 90 DAYS AFTER  
2 ESTABLISHING A PRINCIPAL PLACE OF BUSINESS IN THE STATE.

3 ~~17-3A-11.~~ 17-3A-10.

4 (A) SUBJECT TO SUBSECTION ~~(B)~~ (C) OF THIS SECTION, THE HOLDER OF A  
5 RECIPROCAL LICENSE HAS THE SAME RIGHTS AND RESPONSIBILITIES AS A PERSON  
6 WHO HOLDS A COMPARABLE STANDARD LICENSE ISSUED UNDER THIS TITLE.

7 (B) AT THE TIME OF APPLICATION FOR THE RENEWAL OF A RECIPROCAL  
8 LICENSE, AN APPLICANT SHALL PROVIDE PROOF THAT THE APPLICANT:

9 (1) CONTINUES TO HOLD A CURRENT LICENSE IN THE STATE IN WHICH  
10 THE APPLICANT'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; AND

11 (2) IS NOT THE SUBJECT OF A DISCIPLINARY ACTION OR A CURRENT  
12 INVESTIGATION OR PROCEEDING ALLEGING MISCONDUCT UNDER A REAL ESTATE  
13 LICENSING LAW OF THE STATE IN WHICH THE APPLICANT'S PRINCIPAL PLACE OF  
14 BUSINESS IS LOCATED.

15 ~~(B)~~ (C) THE HOLDER OF A RECIPROCAL LICENSE IS:

16 (1) NOT ELIGIBLE TO BE A MEMBER OF THE COMMISSION;

17 (2) EXEMPT FROM THE REQUIREMENTS OF §§ 17-303, 17-304, 17-305, ~~AND~~  
18 17-315, 17-503, AND 17-517 OF THIS TITLE; AND

19 (3) EXEMPT FROM HAVING TO PASS AN EXAMINATION REQUIRED FOR A  
20 COMPARABLE STANDARD LICENSE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2006.