

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 653 (Senator Dyson)
Education, Health, and Environmental Affairs

State Real Estate Commission - Sales Agents for Nonprofit Organization Home
Builders - Licensure

This bill specifies that a sales agent for a nonprofit organization is not required to be licensed by the State Real Estate Commission in order to make an initial sale of a home constructed or rehabilitated by the organization if the purchaser is using subsidized financing administered by the organization.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: Potential minimal impact on State Real Estate Commission Fund licensing revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 274 of 2007 requires an individual who sells any real estate as a sales agent for a home builder to be licensed by the State Real Estate Commission. The commission licenses the following categories of professionals: real estate brokers, associate real estate brokers, and real estate salespersons.

In general, applicants for licensure by the State Real Estate Commission must have successfully completed a commission-approved course in real estate, including a course in ethics, and pass an examination given by the commission. An applicant is also

required to contribute to the Real Estate Guaranty Fund and pay a fee set by the commission. If not applying for licensure as a real estate broker, an applicant must obtain a commitment to become affiliated with a licensed real estate broker once the commission licenses the applicant.

Background: Licensing requirements for sales agents of home builders went into effect on October 1, 2007. A number of sales agents who have pursued licensure have found it difficult to comply with the requirement to affiliate with a real estate brokerage. Advice issued by the Office of the Attorney General indicates that sales agents must be compensated as employees or contractors of the brokerage with which they are affiliated. The brokerage may be established for the express purpose of selling new homes as long as the agent is not directly employed by the home builder.

The bill would exempt sales agents for organizations such as Homes for America, a nonprofit housing corporation headquartered in Annapolis that develops and preserves housing for low- and moderate-income families. In partnership with the City of Annapolis, the organization has used Community Development Block Grant funds, as well as funds from State and local sources, to help these households purchase or remain in their homes.

State Fiscal Effect: The Department of Labor, Licensing, and Regulation advises that the State Real Estate Commission maintains a membership of 56,000 licensees. Although the total number of individuals exempted from licensure requirements by this bill is unknown, any reduction to State Real Estate Commission Fund revenues is expected to be negligible given the total number of licensees.

Additional Information

Prior Introductions: None.

Cross File: HB 1182 (Delegate Weldon, *et al.*) – Economic Matters.

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

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