

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 626

(Delegate Niemann)

Economic Matters

Education, Health, and Environmental Affairs

Business Regulation - Maryland Real Estate Brokers Act - Violations and Penalties

This bill increases penalties for specified real estate brokerage violations and expands their applicability.

Fiscal Summary

State Effect: The penalty provisions of the bill are not expected to significantly affect State finances or operations.

Local Effect: The penalty provisions of the bill are not expected to significantly affect local finances or operations.

Small Business Effect: Potential meaningful for noncompliant real estate corporations, partnerships, and other associations.

Analysis

Bill Summary: The bill increases criminal penalties for violations of specified provisions of the Maryland Real Estate Brokers Act. A person found guilty of a second violation is subject to a fine of up to \$15,000 and/or imprisonment for up to two years; subsequent violations are punishable with a fine of up to \$25,000 and/or imprisonment for up to three years. The bill also makes a licensee acting as an agent subject to criminal penalties for failure to properly disclose a relationship with a seller and makes any licensee subject to criminal penalties for failure to fulfill his duties to a client.

The bill increases the maximum penalty to \$15,000 for a second violation and \$25,000 for any subsequent violation for a corporation, partnership, or other association that commits or contributes to an act that constitutes grounds for disciplinary action against a licensee or violates any other provision of the Maryland Real Estate Brokers Act.

The bill increases the maximum penalty that may be imposed by the State Real Estate Commission to \$15,000 for a second violation and \$25,000 for any subsequent violation.

Current Law: In general, an individual must be licensed by the State Real Estate Commission before providing real estate brokerage services in the State. The commission licenses the following categories of professionals: real estate brokers; associate real estate brokers; and real estate salespersons.

A person who violates provisions relating to any of the following activities is guilty of a misdemeanor and is subject to a maximum fine of \$5,000 and/or imprisonment for up to one year: improper handling of trust money; discrimination in real estate practices; solicitation and advertisement of listings; practicing without a license; misrepresentation; making prohibited payments or affiliations; blockbusting; making false statements; or violating suspension orders.

A corporation, partnership, or other association that commits or contributes to an act that constitutes grounds for disciplinary action against a licensee or violates any other provision of the Maryland Real Estate Brokers Act is guilty of a misdemeanor and subject to a fine of up to \$5,000.

The State Real Estate Commission may impose a penalty of up to \$5,000 for each violation of the Maryland Real Estate Brokers Act. Penalties are paid to the general fund.

State/Local Fiscal Effect: The Department of Labor, Licensing, and Regulation advises that current penalty provisions are rarely invoked by the State Real Estate Commission or the Office of the Attorney General; therefore, the penalty provisions of this bill are not expected to significantly affect State or local finances or operations.

Small Business Effect: A real estate corporation, partnership, or other association and their employees could be subject to additional penalties under this bill. To the extent that these firms qualify as small businesses, these firms and their brokers could experience additional penalties for noncompliance with State law.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Office of Administrative Hearings; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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