

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1316
Economic Matters

(Delegate Vaughn, *et al.*)

Education, Health, and Environmental Affairs

Real Estate Licensees - Record Keeping

This bill requires a real estate licensee to retain copies of listings and documents pertaining to the provision of real estate brokerage services for five years after the closing of a real estate transaction, or five years after the listing if the transaction is not closed. A licensee who provides property management services must keep records for five years following the termination of a management agreement. Records may be retained in electronic form if specified criteria are met.

A licensee must allow a representative of the State Real Estate Commission to inspect these records if the commission provides reasonable notice. Upon request, paper copies of a document must be provided to the commission at the licensee's expense. On demand of the commission, the licensee must display all records, books, and accounts of any money held in trust.

Fiscal Summary

State Effect: Any change in State activities would not materially affect State finances.

Local Effect: None.

Small Business Effect: Potential minimal benefit to licensees that qualify as small businesses.

Analysis

Current Law: In general, an individual is required to be licensed as a real estate broker, associate real estate broker, or real estate salesperson by the State Real Estate Commission before providing real estate brokerage services in the State. In addition to other education and examination requirements, all applicants must be affiliated with a real estate brokerage upon licensure by the commission.

State law establishes procedures by which a real estate broker must deposit, distribute, and account for trust money. Records of these transactions, including bank accounts or deposits, must be maintained in a secured area within the broker's office and made available during usual business hours for inspection by the commission, its field representatives, or other employees.

Chapter 8 of 2000 established that a law requiring retention of records may be satisfied with an electronic record if it accurately reflects the information in the record and remains accessible for later reference.

Small Business Effect: Current law does not establish a time period for which a real estate broker must retain records of trust money. Lacking a time period, brokers have been indefinitely retaining this information. To the extent that this bill reduces the number of records retained, brokers may be able to reduce their recordkeeping or document storage expenditures.

Additional Information

Prior Introductions: None.

Cross File: SB 762 (Senator Conway) – Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - March 3, 2008
ncs/ljm Revised - House Third Reader - March 20, 2008

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