

SENATE BILL 1019

N1

(0lr3446)

ENROLLED BILL

— Finance/Environmental Matters —

Introduced by **Senator Kelley**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 ***Residential* Real Property – ~~Residential~~ Real Estate Settlements –**
3 **Disclosures**

4 FOR the purpose of requiring a certain person who ~~has a connection with the~~
5 ~~settlement of~~ offers settlement services in connection with residential real
6 estate transactions involving land in the State to comply with certain federal
7 disclosure requirements; altering a certain provision relating to the payment of
8 a commission to a certain person; repealing a certain definition; defining certain
9 terms; and generally relating to real estate settlements.

10 BY repealing and reenacting, with amendments,
11 Article – Real Property
12 Section 14–127
13 Annotated Code of Maryland
14 (2003 Replacement Volume and 2009 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



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

3 **Article – Real Property**

4 14–127.

5 (a) (1) In this section the following words have the meanings indicated.

6 ~~(2) “Certificate of qualification” has the meaning stated in § 10–101 of~~
7 ~~this article.~~

8 ~~(3)~~ **(2)** “Consideration” includes:

9 (i) A fee;

10 (ii) Compensation;

11 (iii) A gift, except promotional or advertising materials for
12 general distribution;

13 (iv) A thing of value;

14 (v) A rebate;

15 (vi) A loan; or

16 (vii) An advancement of a commission or deposit money.

17 **(3) “LICENSE” HAS THE MEANING STATED IN § 10–101 OF THE**
18 **INSURANCE ARTICLE.**

19 **(4) “RESIDENTIAL REAL ESTATE TRANSACTION” MEANS A**
20 **TRANSACTION INVOLVING A FEDERALLY RELATED MORTGAGE LOAN AS**
21 **DEFINED IN 12 U.S.C. § 2602 AND 24 C.F.R. 3500.2.**

22 **(5) “TITLE INSURANCE PRODUCER” HAS THE MEANING STATED**
23 **IN § 10–101 OF THE INSURANCE ARTICLE.**

24 (b) This section does not prohibit:

25 (1) The payment of a commission to ~~an agent~~ **A TITLE INSURANCE**
26 **PRODUCER** who has a ~~certificate of qualification~~ **LICENSE**; or

1 (2) The referral of a real estate settlement business or a professional
 2 fee arrangement between attorneys, if the referral or professional fee arrangement
 3 does not violate § 17-605 of the Business Occupations and Professions Article.

4 (c) **(1)** A person who has a connection with the settlement of real estate
 5 transactions involving land in the State may not pay to or receive from another any
 6 consideration to solicit, obtain, retain, or arrange real estate settlement business.

7 **(2)** **A PERSON MAY NOT BE CONSIDERED TO BE IN VIOLATION OF**
 8 **PARAGRAPH (1) OF THIS SUBSECTION SOLELY BECAUSE THAT PERSON IS A**
 9 **PARTICIPANT IN AN AFFILIATED BUSINESS ARRANGEMENT, AS DEFINED IN 12**
 10 **U.S.C. § 2602, AND RECEIVES CONSIDERATION AS A RESULT OF THAT**
 11 **PARTICIPATION AS LONG AS THAT PERSON COMPLIES WITH 12 U.S.C. §**
 12 **2607(C)(4), 24 C.F.R. 3500.15, AND APPENDIX D TO 24 C.F.R. PART 3500.**

13 (d) **A PERSON WHO ~~HAS A CONNECTION WITH THE SETTLEMENT OF~~**
 14 **~~OFFERS SETTLEMENT SERVICES IN CONNECTION WITH RESIDENTIAL REAL~~**
 15 **~~ESTATE TRANSACTIONS INVOLVING LAND IN THE STATE SHALL COMPLY WITH~~**
 16 **~~12 U.S.C. § 2607(C)(4), 24 C.F.R. 3500.15, AND APPENDIX D TO 24 C.F.R.~~**
 17 **~~PART 3500, AS APPLICABLE, REGARDING DISCLOSURES OF AFFILIATED~~**
 18 **~~BUSINESS ARRANGEMENTS, AS DEFINED IN 12 U.S.C. § 2602.~~**

19 [[d)] (E) A person who violates this section is guilty of a misdemeanor and
 20 on conviction is subject to imprisonment not exceeding 6 months or a fine not
 21 exceeding \$1,000 or both.

22 [[e)] (F) Each violation of this section is a separate violation.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 24 July 1, 2010.

Approved:

_____ Governor.

_____ President of the Senate.

_____ Speaker of the House of Delegates.