

HOUSE BILL 239

C2
HB 929/20 – ECM

(PRE-FILED)

1lr1426
CF SB 73

By: **Delegate Rogers**

Requested: October 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **State Real Estate Commission – Property Managers – Registration**

3 FOR the purpose of requiring certain persons to be registered as a property manager by the
4 State Real Estate Commission before providing property management services in
5 the State; providing a certain exception to the requirement to be registered;
6 requiring the Commission to determine certain qualifications; authorizing the
7 Commission to set by regulation certain fees for certain purposes; requiring certain
8 fees to be set so as to produce certain funds for certain purposes; requiring certain
9 applicants to submit a certain application and pay a certain fee to the Commission;
10 providing that a certain registration expires on a certain date unless renewed for an
11 additional term; prohibiting certain persons from providing, attempting to provide,
12 or offering to provide property management services unless registered with the
13 Commission; subjecting certain persons who violate a certain provision of law to a
14 certain fine; requiring certain property managers to be covered by a certain surety
15 bond and to provide certain proof of coverage to the Commission, subject to a certain
16 exception; defining certain terms; and generally relating to the registration of
17 property managers by the State Real Estate Commission.

18 BY adding to

19 Article – Business Occupations and Professions
20 Section 17–3B–01 through 17–3B–08 to be under the new subtitle “Subtitle 3B.
21 Property Managers”
22 Annotated Code of Maryland
23 (2018 Replacement Volume and 2020 Supplement)

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

26 **Article – Business Occupations and Professions**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SUBTITLE 3B. PROPERTY MANAGERS.

17-3B-01.

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

(B) "AFFILIATE" MEANS AN ENTITY THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS OR IS CONTROLLED BY A FINANCIAL INSTITUTION.

(C) "FINANCIAL INSTITUTION" HAS THE MEANING STATED IN § 1-101(J) OF THE FINANCIAL INSTITUTIONS ARTICLE.

(D) (1) "PROPERTY MANAGEMENT SERVICES" MEANS THE LEASING, MANAGING, ADVERTISING, RENTING, OR HANDLING OF TRUST MONEY OF A PROPERTY.

(2) "PROPERTY MANAGEMENT SERVICES" DOES NOT INCLUDE:

(I) PARTICIPATING IN A COMMON OWNERSHIP COMMUNITY, INCLUDING A HOMEOWNERS ASSOCIATION OR CONDOMINIUM;

(II) RENTING A PROPERTY FOR LESS THAN 6 MONTHS;

(III) LEASING, MANAGING, ADVERTISING, RENTING, OR HANDLING OF:

1. TRUST MONEY OF AN APARTMENT COMPLEX WITH 25 OR MORE UNITS;

2. TRUST MONEY OF COMMERCIAL, INDUSTRIAL, OR MIXED USE PROPERTIES; OR

3. REAL PROPERTY ACQUIRED BY A FINANCIAL INSTITUTION OR AN AFFILIATE THROUGH FORECLOSURE;

(IV) SERVICES PROVIDED BY A PERSON EMPLOYED EXCLUSIVELY AS THE PROPERTY MANAGER FOR THE PROPERTY MANAGEMENT OF ONE PERSON;

(V) SERVICES PROVIDED ON AN INCIDENTAL BASIS AND WITHOUT ADDITIONAL COMPENSATION BY EMPLOYEES OF AN OWNER OF A PROPERTY;

(VI) SERVICES THAT AN OWNER OF THREE OR FEWER SINGLE-FAMILY RESIDENTIAL PROPERTIES PERSONALLY PROVIDES TO THE PROPERTIES; OR

(VII) RECEIVING, ACCEPTING, OR HOLDING TRUST MONEY OF A PROPERTY BY A FINANCIAL INSTITUTION.

(E) (1) "PROPERTY MANAGER" MEANS A PERSON WHO IS REGISTERED BY THE COMMISSION TO PROVIDE PROPERTY MANAGEMENT SERVICES.

(2) "PROPERTY MANAGER" INCLUDES A PARTNERSHIP OR A CORPORATION.

17-3B-02.

(A) EXCEPT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, A PERSON MUST BE REGISTERED AS A PROPERTY MANAGER BY THE COMMISSION BEFORE THE PERSON MAY PROVIDE PROPERTY MANAGEMENT SERVICES IN THE STATE.

(B) A PERSON WHO IS LICENSED UNDER THIS TITLE IS NOT SUBJECT TO SUBSECTION (A) OF THIS SECTION.

17-3B-03.

THE COMMISSION SHALL DETERMINE THE QUALIFICATIONS FOR REGISTRATION AS A PROPERTY MANAGER.

17-3B-04.

(A) THE COMMISSION MAY SET BY REGULATION REASONABLE FEES FOR THE ISSUANCE AND RENEWAL OF REGISTRATIONS UNDER THIS SUBTITLE AND ANY OTHER SERVICES PROVIDED BY THE COMMISSION.

(B) THE FEES CHARGED SHALL BE SET SO AS TO PRODUCE FUNDS TO APPROXIMATE THE COST OF REGISTERING PROPERTY MANAGERS UNDER THIS SUBTITLE.

17-3B-05.

TO APPLY FOR A REGISTRATION, AN APPLICANT SHALL:

(1) SUBMIT AN APPLICATION TO THE COMMISSION ON THE FORM

1 THAT THE COMMISSION REQUIRES; AND

2 (2) PAY TO THE COMMISSION THE APPLICATION FEE SET BY THE
3 COMMISSION.

4 17-3B-06.

5 A REGISTRATION EXPIRES ON A DATE SET BY THE COMMISSION, UNLESS THE
6 REGISTRATION IS RENEWED FOR AN ADDITIONAL 2-YEAR TERM.

7 17-3B-07.

8 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, A PERSON MAY
9 NOT PROVIDE, ATTEMPT TO PROVIDE, OR OFFER TO PROVIDE PROPERTY
10 MANAGEMENT SERVICES IN THE STATE UNLESS REGISTERED WITH THE
11 COMMISSION AS A PROPERTY MANAGER.

12 (B) A PERSON WHO VIOLATES SUBSECTION (A) OF THIS SECTION IS SUBJECT
13 TO A CIVIL FINE OF NOT MORE THAN \$1,000, TO BE IMPOSED BY THE COMMISSION.

14 17-3B-08.

15 (A) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A
16 PROPERTY MANAGER SHALL BE COVERED BY A SURETY BOND IN THE AMOUNT OF AT
17 LEAST:

18 (1) \$100,000 IF THE PROPERTY MANAGER RENTS FEWER THAN 20
19 PROPERTIES; OR

20 (2) \$200,000 IF THE PROPERTY MANAGER RENTS 20 PROPERTIES OR
21 MORE.

22 (B) (1) A PROPERTY MANAGER SHALL PROVIDE PROOF OF THE SURETY
23 BOND REQUIRED UNDER THIS SECTION TO THE COMMISSION.

24 (2) THE PROOF REQUIRED UNDER THIS SUBSECTION SHALL BE
25 DETERMINED BY THE COMMISSION.

26 (C) A PERSON WHO IS LICENSED UNDER THIS TITLE IS NOT SUBJECT TO
27 SUBSECTIONS (A) AND (B) OF THIS SECTION.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2021.