

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 11, 2021

CHAPTER _____

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

20 BY adding to

21 Article – Business Occupations and Professions

22 Section 17–3B–01 through 17–3B–08 to be under the new subtitle “Subtitle 3B.

23 Property Managers”

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.



Annotated Code of Maryland
(2018 Replacement Volume and 2020 Supplement)

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

Article – Business Occupations and Professions

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) SERVICES PROVIDED BY A BUSINESS IMPROVEMENT
DISTRICT;

~~(H)~~ (III) RENTING A PROPERTY FOR LESS THAN 6 MONTHS;

~~(H)~~ (IV) LEASING, MANAGING, ~~ADVERTISING,~~ RENTING, OR
HANDLING OF:

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

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

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

3 ~~(IV)~~ (V) SERVICES PROVIDED BY A PERSON EMPLOYED
4 EXCLUSIVELY AS THE PROPERTY MANAGER FOR THE PROPERTY MANAGEMENT OF
5 ONE PERSON;

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

9 ~~(VI)~~ (VII) SERVICES THAT AN OWNER OF ~~THREE OR FEWER~~
10 ~~SINGLE FAMILY RESIDENTIAL PROPERTIES PERSONALLY PROVIDES TO THE~~
11 ~~PROPERTIES~~ A RESIDENTIAL DWELLING UNIT PERSONALLY PROVIDES TO THE
12 PROPERTY; OR

13 ~~(VII)~~ (VIII) RECEIVING, ACCEPTING, OR HOLDING TRUST MONEY
14 OF A PROPERTY BY A FINANCIAL INSTITUTION; OR

15 (IX) SERVICES RELATED TO THE PHYSICAL MAINTENANCE,
16 MARKETING, OPERATIONS, AND FINANCIAL MANAGEMENT OF A PROPERTY
17 PROCURED BY A COMPANY PROVIDING PROPERTY MANAGEMENT SERVICES.

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

20 (2) “PROPERTY MANAGER” INCLUDES A ~~PARTNERSHIP OR A~~
21 ~~CORPORATION~~ PARTNERSHIP, CORPORATION, OR OTHER BUSINESS ENTITY.

22 17-3B-02.

23 (A) (1) EXCEPT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION,
24 A PERSON MUST BE REGISTERED AS A PROPERTY MANAGER BY THE COMMISSION
25 BEFORE THE PERSON MAY PROVIDE PROPERTY MANAGEMENT SERVICES IN THE
26 STATE.

27 (2) EMPLOYEES OF A PARTNERSHIP, CORPORATION, OR OTHER
28 BUSINESS ENTITY THAT PROVIDES PROPERTY MANAGEMENT SERVICES MAY
29 OPERATE COLLECTIVELY UNDER A SINGLE PROPERTY MANAGER REGISTRATION.

30 (3) A PARTNERSHIP, CORPORATION, OR OTHER BUSINESS ENTITY
31 THAT PROVIDES PROPERTY MANAGEMENT SERVICES THROUGH RELATED BUSINESS
32 ENTITIES MAY OPERATE COLLECTIVELY UNDER A SINGLE PROPERTY MANAGER
33 REGISTRATION.

(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. THE COMMISSION MAY DENY A REGISTRATION TO AN APPLICANT WHOSE LICENSE UNDER THIS TITLE IS CURRENTLY SUSPENDED OR WAS REVOKED DUE TO VIOLATIONS RELATED TO PROVIDING PROPERTY MANAGEMENT SERVICES.~~

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 THAT THE COMMISSION REQUIRES; AND

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

17-3B-06.

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

17-3B-07.

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

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

17-3B-08.

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

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.