

# HOUSE BILL 239

C2  
HB 929/20 – ECM

(PRE-FILED)

1r1426  
CF SB 73

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By: **Delegate Rogers**

Requested: October 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 11, 2021

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## 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”

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### 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.



1 Annotated Code of Maryland  
2 (2018 Replacement Volume and 2020 Supplement)

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

5 **Article – Business Occupations and Professions**

6 **SUBTITLE 3B. PROPERTY MANAGERS.**

7 **17-3B-01.**

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

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

13 (C) “FINANCIAL INSTITUTION” HAS THE MEANING STATED IN § 1-101(J) OF  
14 THE FINANCIAL INSTITUTIONS ARTICLE.

15 (D) (1) “PROPERTY MANAGEMENT SERVICES” MEANS THE LEASING,  
16 MANAGING, ~~ADVERTISING,~~ RENTING, OR HANDLING OF TRUST MONEY OF A  
17 PROPERTY.

18 (2) “PROPERTY MANAGEMENT SERVICES” DOES NOT INCLUDE:

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

21 (II) SERVICES PROVIDED BY A BUSINESS IMPROVEMENT  
22 DISTRICT;

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

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

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

28 2. ~~TRUST MONEY OF~~ COMMERCIAL, INDUSTRIAL, OR  
29 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.

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

3 **17-3B-03.**

4 ~~THE COMMISSION SHALL DETERMINE THE QUALIFICATIONS FOR~~  
5 ~~REGISTRATION AS A PROPERTY MANAGER. THE COMMISSION MAY DENY A~~  
6 ~~REGISTRATION TO AN APPLICANT WHOSE LICENSE UNDER THIS TITLE IS~~  
7 ~~CURRENTLY SUSPENDED OR WAS REVOKED DUE TO VIOLATIONS RELATED TO~~  
8 ~~PROVIDING PROPERTY MANAGEMENT SERVICES.~~

9 **17-3B-04.**

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

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

16 **17-3B-05.**

17 TO APPLY FOR A REGISTRATION, AN APPLICANT SHALL:

18 (1) SUBMIT AN APPLICATION TO THE COMMISSION ON THE FORM  
19 THAT THE COMMISSION REQUIRES; AND

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

22 **17-3B-06.**

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

25 **17-3B-07.**

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

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

3 17-3B-08.

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

7 (1) \$100,000 IF THE PROPERTY MANAGER RENTS FEWER THAN 20  
8 PROPERTIES; OR

9 (2) \$200,000 IF THE PROPERTY MANAGER RENTS 20 PROPERTIES OR  
10 MORE.

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

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

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.