

NAIOP

MARYLAND CHAPTERS



THE ASSOCIATION FOR
COMMERCIAL REAL ESTATE

January 15, 2021

The Honorable Dereck E. Davis
House Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401

Favorable w/ Amendments - HB 239 – Property Managers Registration

Dear, Chair Davis and Committee Members:

The NAIOP Maryland Chapters represent more than 700 companies that develop and own residential, commercial, industrial, and mixed-use real estate.

Since this legislation was first introduced during the 2017 session NAIOP has worked with bill sponsors, the Maryland Association of Realtors and other industry stakeholders to develop a legislative framework that addresses the concerns raised by the Realtors but is sensitive to the structure of contemporary, full-service real estate enterprises, the scope of building types and tenant services those organizations provide and how they are delivered.

We believe the attached reprint represents a consensus position of the stakeholders and it is the basis for NAIOP's favorable with amendments position on HB 239. Important elements of the reprint remove potential barriers to what our service employees and affiliated companies can do to meet the needs of our tenants. Broadly, the basis for our support for the reprint rests on that fact that:

- The scope of registration better reflects the impetus for this legislation which, as we understand it, is to respond to the actions of a few real estate licensees who were able to provide residential property management services in Frederick County after their licenses were revoked.
- It is sensitive to that fact that today's large real estate companies deliver leasing, maintenance, construction, building operations, accounting, marketing, and other tenant services through multiple, related business entities.

Please feel free to contact me directly if you have questions or concerns about the content of the attached reprint or the important role those amendments play in our position.

NAIOP respectfully recommends your favorable w/ amendments report on HB 239.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters - *The Association for Commercial Real Estate*

cc: House Economic Matters Committee Members
Nick Manis – Manis, Canning Assoc.

HOUSE BILL 239

C2
HB 929/20 – ECM

(PRE-FILED)

1r1426
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.

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

HOUSE BILL 239

3

1 ~~(VD) SERVICES RELATED TO THE PHYSICAL MAINTENANCE~~
~~MARKETING, OPERATIONS, AND FINANCIAL MANAGEMENT OF A~~
~~PROPERTY PROCURED BY A COMPANY PROVIDING PROPERTY~~
~~MANAGEMENT SERVICES.~~

2 ~~(VI) (VII) SERVICES THAT AN OWNER OF THREE SIX OR FEWER~~
~~SINGLE-FAMILY RESIDENTIAL PROPERTIES DWELLING UNITS~~
~~PERSONALLY PROVIDES TO THE PROPERTIES; OR~~

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

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

6 (2) "PROPERTY MANAGER" INCLUDES A PARTNERSHIP OR A
7 CORPORATION OR OTHER BUSINESS ENTITY.

10 17-3B-02.

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

15 "(1) EMPLOYEES OF A PARTNERSHIP, CORPORATION, OR OTHER BUSINESS ENTITY
THAT CONDUCTS PROVIDES PROPERTY MANAGEMENT SERVICES THROUGH RELATED
BUSINESS ENTITIES MAY OPERATE COLLECTIVELY UNDER A SINGLE PROPERTY
MANAGER REGISTRATION.

"(2) A PARTNERSHIP, CORPORATION, OR OTHER BUSINESS ENTITY THAT
PROVIDES PROPERTY MANAGEMENT SERVICES THROUGH RELATED
BUSINESS ENTITIES MAY OPERATE COLLECTIVELY UNDER A SINGLE
PROPERTY MANAGER REGISTRATION.

16

17

18 (B) A PERSON WHO IS LICENSED UNDER THIS TITLE ~~IS ACCREDITED BY THE~~

~~INSTITUTE OF REAL ESTATE MANAGEMENT OR HOLDS A COMPARABLE OR EQUIVALENT ACCREDITATION GRANTED BY ANOTHER ORGANIZATION IS NOT SUBJECT TO SUBSECTION (A) OF THIS SECTION.~~

19

17 ~~17-3B-03.~~

~~18 THE COMMISSION SHALL DETERMINE THE QUALIFICATIONS FOR
19 REGISTRATION AS A PROPERTY MANAGER.~~

**20 THE COMMISSION MAY DENY A REGISTRATION TO AN APPLICANT WHOSE
LICENSE UNDER TITLE 17 IS CURRENTLY SUSPENDED OR WAS REVOKED
DUE TO VIOLATIONS RELATED TO PROVIDING PROPERTY MANAGEMENT
SERVICES.”**

20 17-3B-04.

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

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

27 17-3B-05.

28 TO APPLY FOR A REGISTRATION, AN APPLICANT SHALL:

29 (1) SUBMIT AN APPLICATION TO THE COMMISSION ON THE FORM
4 HOUSE BILL 239

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.