

SB0073 - Property Manager Registratinon - EHEA - N

Uploaded by: Ballentine, Tom

Position: FWA

NAIOP

MARYLAND CHAPTERS



THE ASSOCIATION FOR
COMMERCIAL REAL ESTATE

January 5, 2021

The Honorable Paul G. Pinsky, Chair
Senate Education, Health and Environmental Affairs
2 West, Miller Senate Office Building
Annapolis, MD 21401

Support w/ Amendments – SB 73 – Property Managers Registration

Dear, Chair Pinsky and Committee Members:

The NAIOP Maryland Chapters represent more than 700 companies that develop and own residential, commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to support SB 73 with amendments.

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 House Economic Matters Committee amendments represent a consensus position of the stakeholders and those amendments are the basis for NAIOP's support with amendments position on SB 73. Important elements of the House version 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 amendments or the important role they play in our position.

NAIOP respectfully recommends your favorable w/ amendments report on SB 73.

Sincerely,

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

cc: Senate Education, Health and Environmental Affairs Committee Members
Nick Manis – Manis, Canning Assoc.

SB 73.pdf

Uploaded by: Castelli, William

Position: FWA



Senate Bill 73 – State Real Estate Commission – Property Managers - Registration

Position: Support with Amendments

Maryland REALTORS® support SB 73 as passed out of the House Economic Matters Committee. The bill requires certain property managers to be either licensed by the Maryland Real Estate Commission or to be registered with the Maryland Real Estate Commission.

This legislation seeks to close an enforcement hole in the Real Estate Commission's powers. Real estate managers currently are not required to be licensed. As a result, if a real estate practitioner's license is terminated because of law violations related to property management, that individual can open a new office the next day and continue their rental property activities. The former licensee would only be prohibited from conducting further sales activities.

SB 73 gives the Real Estate Commission additional authority to register certain property managers if those individuals are not already licensed. If a licensee loses their license due to prohibited and sanctioned activity, that individual cannot open the same business the next day.

In the last 6 years, the Real Estate Commission has paid out more than \$150,000 in real estate guarantee fund payments to consumers who were harmed by real estate property managers. SB 73 is a targeted approach that seeks to require registration of individuals similar to the licensees brought before the Real Estate Commission – mostly independent operators managing smaller properties for many different owners.

The House Amendments address the following issues:

- Clarify that the entity must register and not every individual who provides some kind of property management service for the entity, including subsidiary businesses that may provide a specific service like accounting, landscaping etc.
- Exempts Business improvement districts in addition to HOA and condo communities
- Clarifies that the Commission's authority is directly related to closing the loophole that exists – if a licensee has violated the licensing act and forfeits their license, that suspension or revocation is sufficient for the Commission to deny the registrant
- Clarify that if an owner of the property personally provides management services to his/her own property, the owner does not need to register

SB 73 gives consumers additional protection and helps the Real Estate Commission close a hole in its enforcement authority. For these reasons, the Maryland REALTORS® recommend a favorable report.

For more information contact bill.castelli@mdrealtor.org, susan.mitchell@mdrealtor.org or lisa.may@mdrealtor.org

MBIA Testimony SB 73.pdf

Uploaded by: Graf, Lori

Position: FWA

February 9, 2021

The Honorable Paul G. Pinsky
Senate Education, Health & Environmental Affairs Committee
Miller Senate Office Building,
2 West Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: Support SB 73 (State Real Estate Commission – Property Managers – Registration) with Amendments

Dear Chairman Pinsky:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the Building Industry across the State of Maryland supports SB 73 (State Real Estate Commission - Property Managers - Registration) with Amendments

This measure requires property managers to register with the State Real Estate Commission in the Maryland Department of Labor (MDL) before providing property management services. While we appreciate the intent to prevent bad actors from engaging in property management, requiring experienced professionals to do so creates some confusion which could create barriers to providing services.

While we support the concept of the bill, there is a lot of question marks about the current legislation. This bill provides little guidance is provided overall. The Commission determines the qualifications after October 1, 2021, but no direction is given on what those qualifications may be. The prohibition takes immediate effect with no grandfathering or grace period to allow current property owners to obtain the required qualifications or to become registered. The lack of clarity may lead to unintentional violations of the new rule, resulting in an excessive \$1,000 fine, without a process by which a registrant could renew their registration once the issue was resolved. The process and all requirements should be simple and clear.

Finally, if this measure moves forward, the renewal cycle provision should be amended. Experienced property management companies and real estate businesses that also offer property management services are sufficiently experienced and should not be required to repeatedly qualify them with the State. One registration should be sufficient.

MBIA has been working with the various interest groups and believes we can come up with a bill that we all support. We respectfully requests the Committee give this measure an favorable report with Amendments. . Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Education, Health & Environmental Affairs Committee

SB 73 Support Letter 2021_FINAL.pdf

Uploaded by: Wilpone-Welborn, Kira

Position: FWA

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February 5, 2021

To: The Honorable Paul G. Pinsky
Chair, Education, Health, and Environmental Affairs

From: Kira Wilpone-Welborn
Consumer Protection Division

Re: Senate Bill 73 – State Real Estate Commission - Property Managers– Registration
(SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 73 submitted by Senator Ronald N. Young. This bill provides for the registration, licensing and bonding of property managers of rental facilities.

Many multi-unit complexes have property managers to run the business of managing the apartments and controlling the funds held by those businesses. Despite being responsible for handling large sums of money, there is presently no mechanism to track these managers and no requirement that they be bonded. Instilling requirements to register and bond these individuals, not only helps to ensure that these entities are responsive to the needs of their residents, but also helps to ensure that these entities are financially sustainable. However, the bill excludes property managers for rental facilities having 25 or more units, leaving larger rental facilities handling large sums of money and responsible for the welfare of a significant number of tenants without the protections of this bill. We recommend that this bill be expanded to include property managers who lease, manage, advertise, rent or handle trust money of an apartment complex regardless of the number of units.

In the past, there have been property management companies that have stolen large sums of money from the communities they represent. Many have heard the horror stories of Legacy Management and the devastating impact their unscrupulous acts had on the communities they managed. As recently as July of 2019, the Consumer Protection Division settled with another property management company that misappropriated over \$2 million dollars from homeowners and condominium associations, affecting over 1,500 individuals. While Senate Bill 73 would not apply to these types of property managers, the misappropriation occurred in that case reflects what could occur with property managers of apartment complexes and other multi-unit facilities

The Honorable Paul G. Pinsky

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and it is imperative that we take action to protect residents of these units and their owners before such incidents occur.

For these reasons, we ask that the Education, Health, and Environmental Affairs Committee return a favorable report on this bill and remove the exclusion for apartment complexes with 25 or more units.

cc: The Honorable Ronald N. Young
Members, Education, Health, and Environmental Affairs

SB 0073 Letter of Information .docx-2.pdf

Uploaded by: Fulginiti, Andrew

Position: INFO

Senate Bill 0073

Date: February 9, 2021

Committee: Senate Education, Health and Environmental Affairs

Bill Title: State Real Estate Commission-Property Manager-Registration

Position: Informational Only

Senate Bill 0073 creates a Property Managers registration program within the Department of Labor. SB 0073 requires, with some exceptions, certain persons be registered as a property manager by the Maryland Real Estate Commission (MREC).

Implementation of SB 0073 would require the creation of a new registration program within MREC and the Division of Occupational and Professional Licensing. The property manager registration program would require a substantial initial investment with continual fiscal and staffing support to maintain program viability. Set up costs include support staffing, investigative staff, establishment of regulations, examination preparation, legal fees, space allocation, information technology programming, IT hardware, office supplies, communication costs and examination vendor fees. The program would also be responsible for a share of the reimbursable fund distribution and other direct and indirect overhead expenditures. The Department assesses that the registration program will require four permanent positions to properly administer the program. Although the registration program will be managed by MREC, as noted above, additional resources would be needed to adequately launch and manage this program. This program must operate as an independent program within MREC and remain self-sufficient. It is anticipated that many of the licensee base will be made up of small businesses. Elevated licensing and renewal fee requirements are anticipated and would have a financial impact on small businesses.

The Maryland Real Estate Commission is a Special Fund program and SB 0073 does not provide any initial funding to implement this program. The Department has projected the annual cost to implement this registration program is \$ 354,829 and a program set up for a 2 year renewal would need to generate \$ 800,000 in fee revenue every two years to support the program.