



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.

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