

SENATE BILL 1019

N1

0lr3446
CF HB 1471

By: **Senator Kelley**

Introduced and read first time: February 24, 2010

Assigned to: Rules

Re-referred to: Finance, March 5, 2010

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2010

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Residential Real Estate Settlements – Disclosures**

3 FOR the purpose of requiring a certain person who ~~has a connection with the~~
4 ~~settlement of~~ offers settlement services in connection with residential real
5 estate transactions involving land in the State to comply with certain federal
6 disclosure requirements; altering a certain provision relating to the payment of
7 a commission to a certain person; repealing a certain definition; defining certain
8 terms; and generally relating to real estate settlements.

9 BY repealing and reenacting, with amendments,
10 Article – Real Property
11 Section 14–127
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2009 Supplement)

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

16 **Article – Real Property**

17 14–127.

18 (a) (1) In this section the following words have the meanings indicated.

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 ~~(2) “Certificate of qualification” has the meaning stated in § 10-101 of~~
 2 ~~this article.~~

3 ~~(2)~~ **(2)** “Consideration” includes:

4 (i) A fee;

5 (ii) Compensation;

6 (iii) A gift, except promotional or advertising materials for
 7 general distribution;

8 (iv) A thing of value;

9 (v) A rebate;

10 (vi) A loan; or

11 (vii) An advancement of a commission or deposit money.

12 **(3) “LICENSE” HAS THE MEANING STATED IN § 10-101 OF THE**
 13 **INSURANCE ARTICLE.**

14 **(4) “RESIDENTIAL REAL ESTATE TRANSACTION” MEANS A**
 15 **TRANSACTION INVOLVING A FEDERALLY RELATED MORTGAGE LOAN AS**
 16 **DEFINED IN 12 U.S.C. § 2602 AND 24 C.F.R. 3500.2.**

17 **(5) “TITLE INSURANCE PRODUCER” HAS THE MEANING STATED**
 18 **IN § 10-101 OF THE INSURANCE ARTICLE.**

19 (b) This section does not prohibit:

20 (1) The payment of a commission to ~~an agent~~ **A TITLE INSURANCE**
 21 **PRODUCER** who has a ~~certificate of qualification~~ **LICENSE**; or

22 (2) The referral of a real estate settlement business or a professional
 23 fee arrangement between attorneys, if the referral or professional fee arrangement
 24 does not violate § 17-605 of the Business Occupations and Professions Article.

25 (c) **(1)** A person who has a connection with the settlement of real estate
 26 transactions involving land in the State may not pay to or receive from another any
 27 consideration to solicit, obtain, retain, or arrange real estate settlement business.

28 **(2) A PERSON MAY NOT BE CONSIDERED TO BE IN VIOLATION OF**
 29 **PARAGRAPH (1) OF THIS SUBSECTION SOLELY BECAUSE THAT PERSON IS A**
 30 **PARTICIPANT IN AN AFFILIATED BUSINESS ARRANGEMENT, AS DEFINED IN 12**

1 U.S.C. § 2602, AND RECEIVES CONSIDERATION AS A RESULT OF THAT
2 PARTICIPATION AS LONG AS THAT PERSON COMPLIES WITH 12 U.S.C. §
3 2607(C)(4), 24 C.F.R. 3500.15, AND APPENDIX D TO 24 C.F.R. PART 3500.

4 (D) A PERSON WHO ~~HAS A CONNECTION WITH THE SETTLEMENT OF~~
5 OFFERS SETTLEMENT SERVICES IN CONNECTION WITH RESIDENTIAL REAL
6 ESTATE TRANSACTIONS INVOLVING LAND IN THE STATE SHALL COMPLY WITH
7 12 U.S.C. § 2607(C)(4), 24 C.F.R. 3500.15, AND APPENDIX D TO 24 C.F.R.
8 PART 3500, AS APPLICABLE, REGARDING DISCLOSURES OF AFFILIATED
9 BUSINESS ARRANGEMENTS, AS DEFINED IN 12 U.S.C. § 2602.

10 [(d)] (E) A person who violates this section is guilty of a misdemeanor and
11 on conviction is subject to imprisonment not exceeding 6 months or a fine not
12 exceeding \$1,000 or both.

13 [(e)] (F) Each violation of this section is a separate violation.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.