

MARYLAND REAL ESTATE COMMISSION
500 North Calvert Street
Baltimore, MD 21202

Mission: Protecting the health, safety, and welfare of the public
through examination, licensing, and regulatory activities regarding real estate

BUSINESS MEETING MINUTES
May 22, 2019 10:30 a.m.

PRESENT:

Commissioner J. Nicholas D'Ambrosia, Chair (Industry)
Commissioner Marla Johnson (Industry)
Commissioner Demetria Scott (Industry)
Jessica Praley, AAG
Commissioner Karen Baker (Consumer)
Commissioner Jeff Wright (Industry)
Charlene Faison, Education Director, Session Recorder
Michael Kasnic, Executive Director
Jillian Lord, Asst. Executive Director
Commissioner Kambon Williams (Consumer)

ABSENT:

Commissioner James Reeder (Consumer)
Commissioner Anne Cooke (Industry)

PUBLIC IN ATTENDANCE:

Kathie Connelly, Broker
Bill Castelli, MD Realtors
Jason Brand, AACAR
Jean D Griffin, Broker
Seth S. Johnson, Broker

CALL TO ORDER:

J. Nicholas D'Ambrosia, Chair, called the meeting to order at 10:33 AM

REPORT OF COMPLAINTS/ADMINISTRATIVE DISMISSALS:

Motion (made by Marla Johnson, seconded by Jeff Wright) **To approve the Administrative Dismissals for the month of May 2019. Motion carried.**

APPROVAL OF MINUTES:

Motion (made by Jeff Wright, seconded by Marla Johnson) **To approve the minutes of the April 17, 2019 business meeting.**

COMMITTEE REPORTS:

1. Education – Jeff Wright

- For the month of April 2019 PSI administered 1201 salesperson and 47 broker exams, compared to 1200 salesperson and 49 broker exams in April 2018.

2. Legislative – Marla Johnson, Legislative Chair

- Commissioner Johnson has no comments.
- Mr. Castelli, MR – Ground rent bill did not pass; everything else did. Policy Committee will start meeting soon.

COMMENTS FROM EXECUTIVE DIRECTOR: Michael Kasnic

- Mr. Kasnic recognizes Charlene Faison, Education Director, who will be graduating May 23, 2019 with a master's degree.
- Announces a new investigator will be starting May 29, 2019
- Repairs to the building's parking garage will start August 1, 2019. Commissioners should be aware parking might not be available during the repairs.
- Mr. Kasnic spoke at Keller Williams sales meeting. There was much conversation about advertising.
- Request for Proposal is with Budget & Fiscal for review
- Current license count totals 37,795, of which 4,339 are brokers, 3,088 are associate brokers and 37,795 are salespersons, 127 are reciprocal brokers, 52 are reciprocal associate brokers, and 389 are reciprocal salesperson. Inactive total was not reported. There are 682 branch offices.
- Guaranty fund balance for March is \$1,136,479.51
- ARELLO conference in Denver is September 18-21, 2019. Mr. Kasnic would like two investigators to attend.
- Legislative proposals – Long documents have been prepared. Among the items included are one-click rule, disclosure/disclaimer, ARELLO timeshare registry, holding of escrow funds by brokers, experience requirement for brokers.
- The Commission is forwarded various matters pertaining to advertising. The Commission will continue with team name being required to have specific words connecting the team to the brokerage.
- The Commission Check newsletter was sent to over 100,000 email addresses; over 70% were successfully received. Topic clicked most frequently was advertising checklist.
- Chair makes comment about the inactive statute in the newsletter being incorrect. Counsel read the language from the newsletter and statute. Counsel advises the newsletter was reviewed prior to its distribution but understands how the verbiage may be misconstrued after it was broken down by the Chair.

COMMENTS FROM COUNSEL: Jessica Praley, AAG

- Counsel reminds all that effective July 1, 2019, the department's name will be Department of Labor.
- Criminal history bill and veteran bill – Vet bill was approved by the Governor; criminal bill passed both houses but had not been signed as of the time of today's meeting.
- Revisiting topics from prior meetings
 - Lockbox complaints – Recommends accepting complaints from lockbox companies but advised MREC would need to do their own investigation.
 - Requiring instructors to be trained and teach every six months – Other boards put the burden on the provider to provide info about instructor. Recommendation is that both be put into regulation. AAG will draft a memo.

COMMENTS FROM CHAIR: J. Nicholas D’Ambrosia

- Last week was NAR Legislative meeting. ARELLO has liaison meeting with NAR to discuss mutual concerns of both organizations. Commissioners Wright and Cooke, along with Executive Director Kasnic and Chair D’Ambrosia attended this meeting.
- Alternative business models in real estate – Chair wants to remind all the Commission does not comment on such.
- Chair wants Commissioners to know of a lawsuit filed in Chicago (CHRISTOPHER MOEHRL, on behalf of himself and all others similarly situated, Plaintiffs, v. THE NATIONAL ASSOCIATION OF REALTORS, REALOGY HOLDINGS CORP., HOMESERVICES OF AMERICA, INC., RE/MAX HOLDINGS, INC., and KELLER WILLIAMS REALTY, INC. Defendants.) Lawsuit is proposed to last 4-12 years; two copycat lawsuits have also been filed.

UNFINISHED BUSINESS:

- Advertising task force, led by Commissioners Scott and Williams, and others, was great with developing advertising checklist. Commissioners agree it is time for enforcement. Commissioner Scott questions if it should follow usual complaint process or establish something similar to the manner in which CE audit failures is handled. Counsel would like some time to review the CE process and get back to the Commission.

NEW BUSINESS:

- Lockboxes – Michael Kasnic forwarded an email showing the Commission has fined agents in the past for lockbox violations. Topic opened for discussion.
 - Commissioner Scott suggests reaching out to the boards and lockbox companies to use a universal complaint form, which may be sent to MREC.
 - Commissioner Wright had a conversation with Commissioner Cooke, who is absent today. They believe lockbox issues should be handled by the boards and/or entity that oversees the lockbox program.
 - Commissioner Johnson disagrees because agent is responsible for their client and has an obligation to protect their client.
 - Chair and Commissioner Scott agree the local boards already have an obligation to let the Commission know of these transgressions because it violates a portion of Title 17.
 - Commissioner Baker suggests a strong warning message to be included in the Commission Check newsletter.
 - Counsel suggests meeting with Michael Kasnic to map out how information would be received and used to generate a complaint.

ADJOURNMENT:

There being no further business, the meeting adjourned at 11:58 P.M. The next monthly business meeting is Wednesday, June 19, 2019.

APPROVED AS PRESENTED _____
J. Nicholas D’Ambrosia, Chairperson

APPROVED AS AMENDED _____
J. Nicholas D’Ambrosia, Chairperson