

**REAL ESTATE AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Calvin R. Musselman**

Senate Sponsor: \_\_\_\_\_

**LONG TITLE**

**General Description:**

This bill modifies the Real Estate Code and the Real Estate Licensing and Practices Act.

**Highlighted Provisions:**

This bill:

- ▶ removes the 10-day reporting requirement for criminal convictions;
- ▶ enhances penalties for violations involving vulnerable adults and adults over a certain age;
- ▶ modifies licensing fee maximums;
- ▶ requires the Department of Real Estate to provide notice of a disciplinary proceeding to the principal broker; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**61-2c-102**, as last amended by Laws of Utah 2020, Chapter 72

**61-2c-402**, as last amended by Laws of Utah 2022, Chapter 204



28           **61-2f-102**, as last amended by Laws of Utah 2017, Chapter 182  
29           **61-2f-301**, as last amended by Laws of Utah 2012, Chapter 166  
30           **61-2f-401**, as last amended by Laws of Utah 2023, Chapter 141  
31           **61-2f-404**, as last amended by Laws of Utah 2016, Chapter 384  
32           **61-2g-306**, as last amended by Laws of Utah 2012, Chapter 166

---

34 *Be it enacted by the Legislature of the state of Utah:*

35           Section 1. Section **61-2c-102** is amended to read:

36           **61-2c-102. Definitions.**

37           (1) As used in this chapter:

38           (a) "Affiliation" means that a mortgage loan originator is associated with a principal  
39 lending manager in accordance with Section **61-2c-209**.

40           (b) "Applicant" means a person applying for a license under this chapter.

41           (c) "Approved examination provider" means a person approved by the nationwide  
42 database or by the division as an approved test provider.

43           (d) "Associate lending manager" means an individual who:

44           (i) qualifies under this chapter as a principal lending manager; and

45           (ii) works by or on behalf of another principal lending manager in transacting the  
46 business of residential mortgage loans.

47           (e) "Balloon payment" means a required payment in a mortgage transaction that:

48           (i) results in a greater reduction in the principle of the mortgage than a regular  
49 installment payment; and

50           (ii) is made during or at the end of the term of the loan.

51           (f) "Branch lending manager" means an individual who is:

52           (i) licensed as a lending manager; and

53           (ii) designated in the nationwide database by the individual's sponsoring entity as being  
54 responsible to work from a branch office and to supervise the business of residential mortgage  
55 loans that is conducted at the branch office.

56           (g) "Branch office" means a licensed entity's office:

57           (i) for the transaction of the business of residential mortgage loans regulated under this  
58 chapter;

- 59 (ii) other than the main office of the licensed entity; and
- 60 (iii) that operates under:
  - 61 (A) the same business name as the licensed entity; or
  - 62 (B) another trade name that is registered with the division under the entity license.
- 63 (h) "Business day" means a day other than:
  - 64 (i) a Saturday;
  - 65 (ii) a Sunday; or
  - 66 (iii) a federal or state holiday.
- 67 (i) (i) "Business of residential mortgage loans" means for compensation or in the
- 68 expectation of compensation to:
  - 69 (A) engage in an act that makes an individual a mortgage loan originator;
  - 70 (B) make or originate a residential mortgage loan;
  - 71 (C) directly or indirectly solicit a residential mortgage loan for another;
  - 72 (D) unless exempt under Section 61-2c-105 or excluded under Subsection (1)(i)(ii),
  - 73 render services related to the origination of a residential mortgage loan including:
    - 74 (I) preparing a loan package;
    - 75 (II) communicating with the borrower or lender;
    - 76 (III) advising on a loan term;
    - 77 (IV) receiving, collecting, or distributing information common for the processing or
    - 78 underwriting of a loan in the mortgage industry; or
    - 79 (V) communicating with a consumer to obtain information necessary for the processing
    - 80 or underwriting of a residential mortgage loan; or
    - 81 (E) engage in loan modification assistance.
- 82 (ii) "Business of residential mortgage loans" does not include:
  - 83 (A) ownership of an entity that engages in the business of residential mortgage loans if
  - 84 the owner does not personally perform the acts listed in Subsection (1)(i)(i);
    - 85 (B) acting in one or more of the following capacities:
      - 86 (I) a loan wholesaler;
      - 87 (II) an account executive for a loan wholesaler;
      - 88 (III) a loan closer; or
      - 89 (IV) funding a loan; or

90 (C) if employed by a person who owns or services an existing residential mortgage  
91 loan, the direct negotiation with the borrower for the purpose of loan modification.

92 (j) "Certified education provider" means a person who is certified under Section  
93 61-2c-204.1 to provide Utah-specific prelicensing education.

94 (k) "Closed-end" means a loan:

95 (i) with a fixed amount borrowed; and

96 (ii) that does not permit additional borrowing secured by the same collateral.

97 (l) "Commission" means the Residential Mortgage Regulatory Commission created in  
98 Section 61-2c-104.

99 (m) "Community development financial institution" means the same as that term is  
100 defined in 12 U.S.C. Sec. 4702.

101 (n) "Compensation" means anything of economic value that is paid, loaned, granted,  
102 given, donated, or transferred to an individual or entity for or in consideration of:

103 (i) services;

104 (ii) personal or real property; or

105 (iii) another thing of value.

106 (o) "Concurrence" means that entities given a concurring role must jointly agree for the  
107 action to be taken.

108 (p) "Continuing education" means education an individual takes in order to meet the  
109 education requirements imposed by Sections 61-2c-204.1 and 61-2c-205 to activate, renew, or  
110 reinstate a license under this chapter.

111 (q) "Control," as used in Subsection 61-2c-105(2)(f), means the power to directly or  
112 indirectly:

113 (i) direct or exercise a controlling interest over:

114 (A) the management or policies of an entity; or

115 (B) the election of a majority of the directors, officers, managers, or managing partners  
116 of an entity;

117 (ii) vote 20% or more of a class of voting securities of an entity by an individual; or

118 (iii) vote more than 5% of a class of voting securities of an entity by another entity.

119 (r) (i) "Control person" means an individual identified by an entity registered with the  
120 nationwide database as being an individual directing the management or policies of the entity.

121 (ii) "Control person" may include one of the following who is identified as provided in

122 Subsection (1)(r)(i):

123 (A) a manager;

124 (B) a managing partner;

125 (C) a director;

126 (D) an executive officer; or

127 (E) an individual who performs a function similar to an individual listed in this

128 Subsection (1)(r)(ii).

129 (s) "Depository institution" means the same as that term is defined in Section [7-1-103](#).

130 (t) "Director" means the director of the division.

131 (u) "Division" means the Division of Real Estate.

132 (v) "Dwelling" means a residential structure attached to real property that contains one

133 to four family units including any of the following if used as a residence:

134 (i) a condominium unit;

135 (ii) a cooperative unit;

136 (iii) a manufactured home; or

137 (iv) a house.

138 (w) "Employee":

139 (i) means an individual:

140 (A) whose manner and means of work performance are subject to the right of control

141 of, or are controlled by, another person; and

142 (B) whose compensation for federal income tax purposes is reported, or is required to

143 be reported, on a W-2 form issued by the controlling person; and

144 (ii) does not include an independent contractor who performs duties other than at the

145 direction of, and subject to the supervision and instruction of, another person.

146 (x) "Entity" means:

147 (i) a corporation;

148 (ii) a limited liability company;

149 (iii) a partnership;

150 (iv) a company;

151 (v) an association;

- 152 (vi) a joint venture;
- 153 (vii) a business trust;
- 154 (viii) a trust; or
- 155 (ix) another organization.
- 156 (y) "Executive director" means the executive director of the Department of Commerce.
- 157 (z) "Federal licensing requirements" means Secure and Fair Enforcement for Mortgage
- 158 Licensing, 12 U.S.C. Sec. 5101 et seq.
- 159 (aa) "Foreclosure rescue" means, for compensation or with the expectation of receiving
- 160 valuable consideration, to:
  - 161 (i) engage, or offer to engage, in an act that:
    - 162 (A) the person represents will assist a borrower in preventing a foreclosure; and
    - 163 (B) relates to a transaction involving the transfer of title to residential real property; or
  - 164 (ii) as an employee or agent of another person:
    - 165 (A) solicit, or offer that the other person will engage in an act described in Subsection
    - 166 (1)(aa)(i); or
    - 167 (B) negotiate terms in relationship to an act described in Subsection (1)(aa)(i).
  - 168 (bb) "Inactive status" means a dormant status into which an unexpired license is placed
  - 169 when the holder of the license is not currently engaging in the business of residential mortgage
  - 170 loans.
  - 171 (cc) "Lending manager" means an individual licensed as a lending manager under
  - 172 Section [61-2c-206](#) to transact the business of residential mortgage loans.
  - 173 (dd) "Licensee" means a person licensed with the division under this chapter.
  - 174 (ee) "Licensing examination" means the examination required by Section [61-2c-204.1](#)
  - 175 or [61-2c-206](#) for an individual to obtain a license under this chapter.
  - 176 (ff) "Loan modification assistance" means, for compensation or with the expectation of
  - 177 receiving valuable consideration, to:
    - 178 (i) act, or offer to act, on behalf of a person to:
      - 179 (A) obtain a loan term of a residential mortgage loan that is different from an existing
      - 180 loan term including:
        - 181 (I) an increase or decrease in an interest rate;
        - 182 (II) a change to the type of interest rate;

- 183 (III) an increase or decrease in the principal amount of the residential mortgage loan;
- 184 (IV) a change in the number of required period payments;
- 185 (V) an addition of collateral;
- 186 (VI) a change to, or addition of, a prepayment penalty;
- 187 (VII) an addition of a cosigner; or
- 188 (VIII) a change in persons obligated under the existing residential mortgage loan; or
- 189 (B) substitute a new residential mortgage loan for an existing residential mortgage
- 190 loan; or
- 191 (ii) as an employee or agent of another person:
- 192 (A) solicit, or offer that the other person will engage in an act described in Subsection
- 193 (1)(ff)(i); or
- 194 (B) negotiate terms in relationship to an act described in Subsection (1)(ff)(i).
- 195 (gg) (i) "Mortgage loan originator" means an individual who, for compensation or in
- 196 expectation of compensation:
- 197 (A) (I) takes a residential mortgage loan application;
- 198 (II) offers or negotiates terms of a residential mortgage loan for the purpose of:
- 199 (Aa) a purchase;
- 200 (Bb) a refinance;
- 201 (Cc) a loan modification assistance; or
- 202 (Dd) a foreclosure rescue; or
- 203 (III) directly or indirectly solicits a residential mortgage loan for another person; and
- 204 (B) is licensed as a mortgage loan originator in accordance with this chapter.
- 205 (ii) "Mortgage loan originator" does not include a person who:
- 206 (A) is described in Subsection (1)(gg)(i), but who performs exclusively administrative
- 207 or clerical tasks as described in Subsection (1)(i)(ii)(A);
- 208 (B) (I) is licensed under Chapter 2f, Real Estate Licensing and Practices Act;
- 209 (II) performs only real estate brokerage activities; and
- 210 (III) receives no compensation from:
- 211 (Aa) a lender;
- 212 (Bb) a lending manager; or
- 213 (Cc) an agent of a lender or lending manager; or

214 (C) is solely involved in extension of credit relating to a timeshare plan, as defined in  
215 11 U.S.C. Sec. 101(53D).

216 (hh) "Nationwide database" means the Nationwide Mortgage Licensing System and  
217 Registry, authorized under federal licensing requirements.

218 (ii) "Nontraditional mortgage product" means a mortgage product other than a 30-year  
219 fixed rate mortgage.

220 (jj) "Person" means an individual or entity.

221 (kk) "Prelicensing education" means education taken by an individual seeking to be  
222 licensed under this chapter in order to meet the education requirements imposed by Section  
223 [61-2c-204.1](#) or [61-2c-206](#) for an individual to obtain a license under this chapter.

224 (ll) "Principal lending manager" means an individual:

225 (i) licensed as a lending manager under Section [61-2c-206](#); and

226 (ii) identified in the nationwide database by the individual's sponsoring entity as the  
227 entity's principal lending manager.

228 (mm) "Prospective borrower" means a person applying for a mortgage from a person  
229 who is required to be licensed under this chapter.

230 (nn) "Record" means information that is:

231 (i) prepared, owned, received, or retained by a person; and

232 (ii) (A) inscribed on a tangible medium; or

233 (B) (I) stored in an electronic or other medium; and

234 (II) in a perceivable and reproducible form.

235 (oo) "Residential mortgage loan" means an extension of credit, if:

236 (i) the loan or extension of credit is secured by a:

237 (A) mortgage;

238 (B) deed of trust; or

239 (C) consensual security interest; and

240 (ii) the mortgage, deed of trust, or consensual security interest described in Subsection  
241 (1)(oo)(i):

242 (A) is on a dwelling located in the state; and

243 (B) is created with the consent of the owner of the residential real property.

244 (pp) "Section 8 of RESPA" means 12 U.S.C. Sec. 2607 and any rules made thereunder.



- 245 (qq) "Settlement" means the time at which each of the following is complete:
- 246 (i) the borrower and, if applicable, the seller sign and deliver to each other or to the
- 247 escrow or closing office each document required by:
- 248 (A) the real estate purchase contract;
- 249 (B) the lender;
- 250 (C) the title insurance company;
- 251 (D) the escrow or closing office;
- 252 (E) the written escrow instructions; or
- 253 (F) applicable law;
- 254 (ii) the borrower delivers to the seller, if applicable, or to the escrow or closing office
- 255 any money, except for the proceeds of any new loan, that the borrower is required to pay; and
- 256 (iii) if applicable, the seller delivers to the buyer or to the escrow or closing office any
- 257 money that the seller is required to pay.
- 258 (rr) "Settlement services" means a service provided in connection with a real estate
- 259 settlement, including a title search, a title examination, the provision of a title certificate,
- 260 services related to title insurance, services rendered by an attorney, preparing documents, a
- 261 property survey, rendering a credit report or appraisal, a pest or fungus inspection, services
- 262 rendered by a real estate agent or broker, the origination of a federally related mortgage loan,
- 263 and the processing of a federally related mortgage.
- 264 (ss) "Sponsorship" means an association in accordance with Section [61-2c-209](#)
- 265 between an individual licensed under this chapter and an entity licensed under this chapter.
- 266 (tt) "State" means:
- 267 (i) a state, territory, or possession of the United States;
- 268 (ii) the District of Columbia; or
- 269 (iii) the Commonwealth of Puerto Rico.
- 270 (uu) "Uniform state test" means the uniform state content section of the qualified
- 271 written test developed by the nationwide database.
- 272 (vv) "Unique identifier" means the same as that term is defined in 12 U.S.C. Sec. 5102.
- 273 (ww) "Utah-specific" means an educational requirement under this chapter that relates
- 274 specifically to Utah.
- 275 (xx) "Vulnerable adult" means the same as that term is defined in Section [26B-6-201](#).

276 (2) (a) If a term not defined in this section is defined by rule, the term shall have the  
277 meaning established by the division by rule made in accordance with Title 63G, Chapter 3,  
278 Utah Administrative Rulemaking Act.

279 (b) If a term not defined in this section is not defined by rule, the term shall have the  
280 meaning commonly accepted in the business community.

281 Section 2. Section **61-2c-402** is amended to read:

282 **61-2c-402. Disciplinary action.**

283 (1) Subject to the requirements of Section [61-2c-402.1](#), the commission, with the  
284 concurrence of the division, may impose a sanction described in Subsection (2) against a  
285 person if the person:

286 (a) (i) is a licensee or a person required to be licensed under this chapter; and

287 (ii) violates this chapter; or

288 (b) (i) is not registered under this chapter; and

289 (ii) violated a provision of this chapter during a period in which:

290 (A) the provision of this chapter was in effect; and

291 (B) the person was registered or required to be registered under this chapter; or

292 (c) (i) is a certified education provider or person required to be certified to provide  
293 prelicensing or continuing education under this chapter; and

294 (ii) violates this chapter.

295 (2) The commission, with the concurrence of the director, may against a person  
296 described in Subsection (1):

297 (a) impose an educational requirement;

298 (b) impose a civil penalty against the individual or entity in an amount not to exceed  
299 the greater of:

300 (i) except as provided in Subsection (2)(b)(ii), \$5,000 for each violation;

301 (ii) \$10,000 for each violation, if the person knew or should have known that the  
302 property owner was an individual 65 years old or older, or a vulnerable adult; or

303 [(†)] (iii) the amount equal to any gain or economic benefit derived from each  
304 violation;

305 (c) deny an application for an original license;

306 (d) do any of the following to a license under this chapter:

- 307 (i) suspend;
- 308 (ii) revoke;
- 309 (iii) place on probation;
- 310 (iv) reduce a lending manager license to a loan originator license;
- 311 (v) deny renewal;
- 312 (vi) deny reinstatement; or
- 313 (vii) in the case of a denial of a license or a suspension that extends to the expiration
- 314 date of a license, set a waiting period for a person to apply for a license under this chapter;
- 315 (e) issue a cease and desist order;
- 316 (f) require the reimbursement of the division of costs incurred by the division related to
- 317 the recovery, storage, or destruction of a record that the person disposes of in a manner that
- 318 violates this chapter or a rule made under this chapter;
- 319 (g) modify a sanction described in Subsections (2)(a) through (f) if the commission
- 320 finds that the person complies with court ordered restitution; or
- 321 (h) impose any combination of sanctions described in this Subsection (2).
- 322 (3) (a) If the commission, with the concurrence of the division, issues an order that
- 323 orders a fine or educational requirements as part of a disciplinary action against a person,
- 324 including a stipulation and order, the commission shall state in the order the deadline by which
- 325 the person shall comply with the fine or educational requirements.
- 326 (b) If a person fails to comply with a stated deadline:
- 327 (i) the person's license or certificate is automatically suspended:
- 328 (A) beginning the day specified in the order as the deadline for compliance; and
- 329 (B) ending the day on which the person complies in full with the order; and
- 330 (ii) if the person fails to pay a fine required by an order, the division may begin a
- 331 collection process:
- 332 (A) established by the division by rule made in accordance with Title 63G, Chapter 3,
- 333 Utah Administrative Rulemaking Act; and
- 334 (B) subject to Title 63A, Chapter 3, Part 5, Office of State Debt Collection.
- 335 (4) (a) A person whose license was revoked under this chapter before May 11, 2010,
- 336 may request that the revocation be converted to a suspension under this Subsection (4):
- 337 (i) if the revocation was not as a result of a felony conviction involving fraud,

338 misrepresentation, deceit, dishonesty, breach of trust, or money laundering; and

339 (ii) by filing a written request with the division.

340 (b) Upon receipt of a request to convert a revocation under this Subsection (4), the  
341 commission, with the concurrence of the director, shall determine whether to convert the  
342 revocation.

343 (c) The commission may delegate to the division the authority to [~~make a decision on~~  
344 decide] whether to convert a revocation.

345 (d) If the division, acting under Subsection (4)(c), denies a request to convert a  
346 revocation, the person who requests the conversion may appeal the decision in a hearing  
347 conducted by the commission:

348 (i) after the division denies the request to convert the revocation; and

349 (ii) in accordance with Title 63G, Chapter 4, Administrative Procedures Act.

350 (e) The commission may delegate to the division or an administrative law judge the  
351 authority to conduct a hearing described in Subsection (4)(d).

352 (5) (a) A person whose license the commission revokes in accordance with this section  
353 may file a written request with the division for the vacation of the license revocation, if the  
354 person:

355 (i) has not held a license under this chapter for at least eight years before the day on  
356 which the person files the request; and

357 (ii) has not been convicted of a felony involving:

358 (A) fraud;

359 (B) misrepresentation;

360 (C) deceit;

361 (D) dishonesty;

362 (E) breach of trust; or

363 (F) money laundering.

364 (b) After receiving a written request a person makes in accordance with Subsection  
365 (5)(a), the commission may vacate the revocation of the person's license:

366 (i) after a hearing; and

367 (ii) with the concurrence of the division.

368 (c) A person whose license revocation is vacated in accordance with this Subsection

369 (5) may apply for licensure in accordance with this chapter.

370 Section 3. Section **61-2f-102** is amended to read:

371 **61-2f-102. Definitions.**

372 As used in this chapter:

373 (1) "Associate broker" means an individual who is:

374 (a) employed or engaged as an independent contractor by or on behalf of a principal  
375 broker to perform an act described in Subsection (20) for valuable consideration; and

376 (b) licensed under this chapter as an associate broker.

377 (2) "Branch broker" means an associate broker who manages a principal broker's  
378 branch office under the supervision of the principal broker.

379 (3) "Branch office" means a principal broker's real estate brokerage office that is not  
380 the principal broker's main office.

381 (4) "Business day" means a day other than:

382 (a) a Saturday;

383 (b) a Sunday; or

384 (c) a federal or state holiday.

385 (5) "Business opportunity" means the sale, lease, or exchange of any business that  
386 includes an interest in real estate.

387 (6) "Commission" means the Real Estate Commission established under this chapter.

388 (7) "Concurrence" means the entities given a concurring role must jointly agree for  
389 action to be taken.

390 (8) "Condominium homeowners' association" means the condominium unit owners  
391 acting as a group in accordance with declarations and bylaws.

392 (9) (a) "Condominium hotel" means one or more condominium units that are operated  
393 as a hotel.

394 (b) "Condominium hotel" does not mean a hotel consisting of condominium units, all  
395 of which are owned by a single entity.

396 (10) "Condominium unit" means the same as that term is defined in Section [57-8-3](#).

397 (11) "Director" means the director of the Division of Real Estate.

398 (12) "Division" means the Division of Real Estate.

399 (13) "Dual broker" means a principal broker of a real estate sales brokerage who

400 obtains from the division a dual broker license in order to function as the principal broker of a  
401 property management company that is a separate entity from the real estate sales brokerage.

402 (14) "Entity" means:

403 (a) a corporation;

404 (b) a partnership;

405 (c) a limited liability company;

406 (d) a company;

407 (e) an association;

408 (f) a joint venture;

409 (g) a business trust;

410 (h) a trust; or

411 (i) any organization similar to an entity described in Subsections (14)(a) through (h).

412 (15) "Executive director" means the director of the Department of Commerce.

413 (16) "Foreclosure rescue" means, for compensation or with the expectation of receiving  
414 valuable consideration, to:

415 (a) engage, or offer to engage, in an act that:

416 (i) the person represents will assist a borrower in preventing a foreclosure; and

417 (ii) relates to a transaction involving the transfer of title to residential real property; or

418 (b) as an employee or agent of another person:

419 (i) solicit, or offer that the other person will engage in an act described in Subsection

420 (16)(a); or

421 (ii) negotiate terms in relationship to an act described in Subsection (16)(a).

422 (17) "Loan modification assistance" means, for compensation or with the expectation  
423 of receiving valuable consideration, to:

424 (a) act, or offer to act, on behalf of a person to:

425 (i) obtain a loan term of a residential mortgage loan that is different from an existing  
426 loan term including:

427 (A) an increase or decrease in an interest rate;

428 (B) a change to the type of interest rate;

429 (C) an increase or decrease in the principal amount of the residential mortgage loan;

430 (D) a change in the number of required period payments;

- 431 (E) an addition of collateral;
- 432 (F) a change to, or addition of, a prepayment penalty;
- 433 (G) an addition of a cosigner; or
- 434 (H) a change in persons obligated under the existing residential mortgage loan; or
- 435 (ii) substitute a new residential mortgage loan for an existing residential mortgage loan;
- 436 or
- 437 (b) as an employee or agent of another person:
- 438 (i) solicit, or offer that the other person will engage in an act described in Subsection
- 439 (17)(a); or
- 440 (ii) negotiate terms in relationship to an act described in Subsection (17)(a).
- 441 (18) "Main office" means the address which a principal broker designates with the
- 442 division as the principal broker's primary brokerage office.
- 443 (19) "Person" means an individual or entity.
- 444 (20) "Principal broker" means an individual who is licensed or required to be licensed
- 445 as a principal broker under this chapter who:
- 446 (a) sells or lists for sale real estate, including real estate being sold as part of a
- 447 foreclosure rescue, or a business opportunity with the expectation of receiving valuable
- 448 consideration;
- 449 (b) buys, exchanges, or auctions real estate, an option on real estate, a business
- 450 opportunity, or an improvement on real estate with the expectation of receiving valuable
- 451 consideration;
- 452 (c) advertises, offers, attempts, or otherwise holds the individual out to be engaged in
- 453 the business described in Subsection (20)(a) or (b);
- 454 (d) is employed by or on behalf of the owner of real estate or by a prospective
- 455 purchaser of real estate and performs an act described in Subsection (20)(a), whether the
- 456 individual's compensation is at a stated salary, a commission basis, upon a salary and
- 457 commission basis, or otherwise;
- 458 (e) with the expectation of receiving valuable consideration, manages property owned
- 459 by another person;
- 460 (f) advertises or otherwise holds the individual out to be engaged in property
- 461 management;

462 (g) with the expectation of receiving valuable consideration, assists or directs in the  
463 procurement of prospects for or the negotiation of a transaction listed in Subsections (20)(a)  
464 and (e);

465 (h) except for a mortgage lender, title insurance producer, or an employee of a  
466 mortgage lender or title insurance producer, assists or directs in the closing of a real estate  
467 transaction with the expectation of receiving valuable consideration;

468 (i) engages in foreclosure rescue; or

469 (j) advertises, offers, attempts, or otherwise holds the person out as being engaged in  
470 foreclosure rescue.

471 (21) (a) "Property management" means engaging in, with the expectation of receiving  
472 valuable consideration, the management of real estate owned by another person or advertising  
473 or otherwise claiming to be engaged in property management by:

474 (i) advertising for, arranging, negotiating, offering, or otherwise attempting or  
475 participating in a transaction calculated to secure the rental or leasing of real estate;

476 (ii) collecting, agreeing, offering, or otherwise attempting to collect rent for the real  
477 estate and accounting for and disbursing the money collected; or

478 (iii) authorizing expenditures for repairs to the real estate.

479 (b) "Property management" does not include:

480 (i) hotel or motel management;

481 (ii) rental of tourist accommodations, including hotels, motels, tourist homes,  
482 condominiums, condominium hotels, mobile home park accommodations, campgrounds, or  
483 similar public accommodations for a period of less than 30 consecutive days, and the  
484 management activities associated with these rentals; or

485 (iii) the leasing or management of surface or subsurface minerals or oil and gas  
486 interests, if the leasing or management is separate from a sale or lease of the surface estate.

487 (22) "Property management sales agent" means a sales agent who:

488 (a) is affiliated with a dual broker through the dual broker's property management  
489 company; and

490 (b) is designated by the dual broker as a property management sales agent.

491 (23) "Real estate" includes leaseholds and business opportunities involving real  
492 property.



493 (24) (a) "Regular salaried employee" means an individual who performs a service for  
 494 wages or other remuneration, whose employer withholds federal employment taxes under a  
 495 contract of hire, written or oral, express or implied.

496 (b) "Regular salaried employee" does not include an individual who performs services  
 497 on a project-by-project basis or on a commission basis.

498 (25) "Reinstatement" means restoring a license that has expired or has been suspended.

499 (26) "Reissuance" means the process by which a licensee may obtain a license  
 500 following revocation of the license.

501 (27) "Renewal" means extending a license for an additional licensing period on or  
 502 before the date the license expires.

503 (28) "Sales agent" means an individual who is:

504 (a) affiliated with a principal broker, either as an independent contractor or an  
 505 employee as provided in Section [61-2f-303](#), to perform for valuable consideration an act  
 506 described in Subsection (20); and

507 (b) licensed under this chapter as a sales agent.

508 (29) "Vulnerable adult" means the same as that term is defined in Section [26B-6-201](#).

509 Section 4. Section **61-2f-301** is amended to read:

510 **61-2f-301. Reporting requirements.**

511 (1) A licensee shall notify the division of the following by sending the division a  
 512 signed statement within 10 business days ~~[of]~~ after the day on which:

513 ~~[(a) a conviction of, or the entry of a plea in abeyance to:]~~

514 ~~[(i) a felony; or]~~

515 ~~[(ii) a misdemeanor involving financial services or a financial services-related  
 516 business, fraud, a false statement or omission, theft or wrongful taking of property, bribery,  
 517 perjury, forgery, counterfeiting, or extortion;]~~

518 ~~[(b) the potential resolution of a felony or of a misdemeanor described in Subsection  
 519 (1)(a)(ii) by:]~~

520 ~~[(i) a diversion agreement; or]~~

521 ~~[(ii) another agreement under which a criminal charge is held in suspense for a period  
 522 of time;]~~

523 ~~[(c)]~~ (a) [the filing of] a personal or brokerage bankruptcy is filed, if the licensee is a

524 principal broker;

525 ~~[(d)]~~ (b) ~~[the suspension, revocation, surrender, cancellation, or denial of]~~ a license or  
526 registration of the licensee that is necessary to engage in an occupation or profession is  
527 suspended, revoked, surrendered, canceled, or denied, regardless of whether the license or  
528 registration is issued by this state or another jurisdiction; or

529 ~~[(e)]~~ (c) ~~[the entry of]~~ a cease and desist order or a temporary or permanent injunction  
530 is issued:

531 (i) against the licensee by a court or administrative agency; and

532 (ii) on the basis of:

533 (A) conduct or a practice involving the business of real estate; or

534 (B) conduct involving fraud, misrepresentation, or deceit.

535 (2) The commission, with the concurrence of the director, shall enforce the reporting  
536 requirement under this section pursuant to Section [61-2f-404](#).

537 Section 5. Section **61-2f-401** is amended to read:

538 **61-2f-401. Grounds for disciplinary action.**

539 The following acts are unlawful and grounds for disciplinary action for a person  
540 licensed or required to be licensed under this chapter:

541 (1) (a) making a substantial misrepresentation, including in a licensure statement;

542 (b) making an intentional misrepresentation;

543 (c) pursuing a continued and flagrant course of misrepresentation;

544 (d) making a false representation or promise through an agent, sales agent, advertising,  
545 or otherwise; or

546 (e) making a false representation or promise of a character likely to influence,  
547 persuade, or induce;

548 (2) acting for more than one party in a transaction without the informed written consent  
549 of the parties;

550 (3) (a) acting as an associate broker or sales agent while not affiliated with a principal  
551 broker;

552 (b) representing or attempting to represent a principal broker other than the principal  
553 broker with whom the person is affiliated; or

554 (c) representing as sales agent or having a contractual relationship similar to that of

555 sales agent with a person other than a principal broker;

556 (4) (a) failing, within a reasonable time, to account for or to remit money that belongs  
557 to another and comes into the person's possession;

558 (b) commingling money described in Subsection (4)(a) with the person's own money;  
559 or

560 (c) diverting money described in Subsection (4)(a) from the purpose for which the  
561 money is received;

562 (5) paying or offering to pay valuable consideration to a person not licensed under this  
563 chapter, except that valuable consideration may be shared:

564 (a) with a principal broker of another jurisdiction; or  
565 (b) as provided under:

566 (i) Title 16, Chapter 10a, Utah Revised Business Corporation Act;  
567 (ii) Title 16, Chapter 11, Professional Corporation Act; or  
568 (iii) Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act, as  
569 appropriate pursuant to Section [48-3a-1405](#);

570 (6) for a principal broker, paying or offering to pay a sales agent or associate broker  
571 who is not affiliated with the principal broker at the time the sales agent or associate broker  
572 earned the compensation;

573 (7) being incompetent to act as a principal broker, associate broker, or sales agent in  
574 such manner as to safeguard the interests of the public;

575 (8) failing to voluntarily furnish a copy of a document to the parties before and after the  
576 execution of a document;

577 (9) failing to keep and make available for inspection by the division a record of each  
578 transaction, including:

579 (a) the names of buyers and sellers or lessees and lessors;  
580 (b) the identification of real estate;  
581 (c) the sale or rental price;  
582 (d) money received in trust;  
583 (e) agreements or instructions from buyers and sellers or lessees and lessors; and  
584 (f) any other information required by rule;

585 (10) failing to disclose, in writing, in the purchase, sale, or rental of real estate, whether

586 the purchase, sale, or rental is made for that person or for an undisclosed principal;  
587 (11) regardless of whether the crime is related to the business of real estate:  
588 (a) be convicted of:  
589 (i) a felony; or  
590 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:  
591 (A) a class A misdemeanor;  
592 (B) a class B misdemeanor; or  
593 (C) a criminal offense comparable to a class A or class B misdemeanor;  
594 (b) plead guilty or nolo contendere to:  
595 (i) a felony; or  
596 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:  
597 (A) a class A misdemeanor;  
598 (B) a class B misdemeanor; or  
599 (C) a criminal offense comparable to a class A or class B misdemeanor;  
600 (c) enter into a plea in abeyance agreement in relation to:  
601 (i) a felony; or  
602 (ii) any of the following involving fraud, misrepresentation, theft, or dishonesty:  
603 (A) a class A misdemeanor;  
604 (B) a class B misdemeanor; or  
605 (C) a criminal offense comparable to a class A or class B misdemeanor;  
606 (12) advertising the availability of real estate or the services of a licensee in a false,  
607 misleading, or deceptive manner;  
608 (13) in the case of a principal broker or a branch broker, failing to exercise active and  
609 reasonable supervision, as the commission may define by rule made in accordance with Title  
610 63G, Chapter 3, Utah Administrative Rulemaking Act, over the activities of the principal  
611 broker's or branch broker's licensed or unlicensed staff;  
612 (14) violating or disregarding:  
613 (a) this chapter;  
614 (b) an order of the commission; or  
615 (c) the rules adopted by the commission and the division;  
616 (15) breaching a fiduciary duty owed by a licensee to the licensee's principal in a real

- 617 estate transaction;
- 618 (16) any other conduct which constitutes dishonest dealing;
- 619 (17) having one of the following suspended, revoked, surrendered, or cancelled on the  
620 basis of misconduct in a professional capacity that relates to character, honesty, integrity, or  
621 truthfulness:
- 622 (a) a real estate license, registration, or certificate issued by another jurisdiction; or  
623 (b) another license, registration, or certificate to engage in an occupation or profession  
624 issued by this state or another jurisdiction;
- 625 (18) failing to respond to a request by the division in an investigation authorized under  
626 this chapter within 10 days after the day on which the request is served, including:
- 627 (a) failing to respond to a subpoena;
- 628 (b) withholding evidence; or
- 629 (c) failing to produce documents or records;
- 630 (19) in the case of a dual licensed title licensee as defined in Section [31A-2-402](#):
- 631 (a) providing a title insurance product or service without the approval required by  
632 Section [31A-2-405](#); or
- 633 (b) knowingly providing false or misleading information in the statement required by  
634 Subsection [31A-2-405\(2\)](#);
- 635 (20) violating an independent contractor agreement between a principal broker and a  
636 sales agent or associate broker as evidenced by a final judgment of a court;
- 637 (21) violating Title 57, Chapter 30, Residential Property Service Agreements;
- 638 (22) (a) engaging in an act of loan modification assistance that requires licensure as a  
639 mortgage officer under Chapter 2c, Utah Residential Mortgage Practices and Licensing Act,  
640 without being licensed under that chapter;
- 641 (b) engaging in an act of foreclosure rescue without entering into a written agreement  
642 specifying what one or more acts of foreclosure rescue will be completed;
- 643 (c) inducing a person who is at risk of foreclosure to hire the licensee to engage in an  
644 act of foreclosure rescue by:
- 645 (i) suggesting to the person that the licensee has a special relationship with the person's  
646 lender or loan servicer; or
- 647 (ii) falsely representing or advertising that the licensee is acting on behalf of:

- 648 (A) a government agency;
- 649 (B) the person's lender or loan servicer; or
- 650 (C) a nonprofit or charitable institution; or
- 651 (d) recommending or participating in a foreclosure rescue that requires a person to:
- 652 (i) transfer title to real estate to the licensee or to a third-party with whom the licensee
- 653 has a business relationship or financial interest;
- 654 (ii) make a mortgage payment to a person other than the person's loan servicer; or
- 655 (iii) refrain from contacting the person's:
- 656 (A) lender;
- 657 (B) loan servicer;
- 658 (C) attorney;
- 659 (D) credit counselor; or
- 660 (E) housing counselor;
- 661 (23) taking or removing from the premises of a main office or a branch office, or
- 662 otherwise limiting a real estate brokerage's access to or control over, a record that:
- 663 (a) (i) the real estate brokerage's licensed staff, unlicensed staff, or affiliated
- 664 independent contractor prepared; and
- 665 (ii) is related to the business of:
- 666 (A) the real estate brokerage; or
- 667 (B) an associate broker, a branch broker, or a sales agent of the real estate brokerage; or
- 668 (b) is related to the business administration of the real estate brokerage;
- 669 (24) as a principal broker, placing a lien on real property, unless authorized by law;
- 670 (25) as a sales agent or associate broker, placing a lien on real property for an unpaid
- 671 commission or other compensation related to real estate brokerage services; or
- 672 (26) failing to timely disclose to a buyer or seller an affiliated business arrangement, as
- 673 defined in Section [31A-23a-1001](#), in accordance with the federal Real Estate Settlement
- 674 Procedures Act, 12 U.S.C. Sec. 2601 et seq. and any rules made thereunder.

675 Section 6. Section **61-2f-404** is amended to read:

676 **61-2f-404. Disciplinary action -- Judicial review.**

677 (1) (a) On the basis of a violation of this chapter, the commission with the concurrence  
678 of the director, may issue an order:

- 679 (i) imposing an educational requirement;
- 680 (ii) imposing a civil penalty not to exceed the greater of:
- 681 (A) except as provided in Subsection (1)(a)(ii)(B), \$5,000 for each violation; [or]
- 682 (B) \$10,000 for each violation, if the person knew or should have known that the
- 683 property owner was an individual 65 years old or older, or a vulnerable adult; or
- 684 ~~[(B)]~~ (C) the amount of any gain or economic benefit derived from each violation;
- 685 (iii) taking any of the following actions related to a license, registration, or certificate:
- 686 (A) revoking;
- 687 (B) suspending;
- 688 (C) placing on probation;
- 689 (D) denying the renewal, reinstatement, or application for an original license,
- 690 registration, or certificate; or
- 691 (E) in the case of denial or revocation of a license, registration, or certificate, setting a
- 692 waiting period for an applicant to apply for a license, registration, or certificate under this title;
- 693 (iv) issuing a cease and desist order;
- 694 (v) modifying an action described in Subsections (1)(a)(i) through (iv) if the
- 695 commission finds that the person complies with court ordered restitution; or
- 696 (vi) doing any combination of Subsections (1)(a)(i) through (v).
- 697 (b) (i) If the commission with the concurrence of the director issues an order that
- 698 orders a fine or educational requirements as part of a disciplinary action against a person,
- 699 including a stipulation and order, the commission shall state in the order the deadline by which
- 700 the person shall comply with the fine or educational requirements.
- 701 (ii) If a person fails to comply by the stated deadline:
- 702 (A) the person's license, registration, or certificate is automatically suspended:
- 703 (I) beginning the day specified in the order as the deadline for compliance; and
- 704 (II) ending the day on which the person complies in full with the order; and
- 705 (B) if the person fails to pay a fine required by an order, the division may begin a
- 706 collection process:
- 707 (I) established by the division, with the concurrence of the commission, by rule made
- 708 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and
- 709 (II) subject to Title 63A, Chapter 3, Part 5, Office of State Debt Collection.

- 710 (c) ~~[If a licensee is an active sales agent or active associate broker, the]~~ In a manner  
711 determined by the division, the division shall inform [the] a principal broker:
- 712 (i) with whom [the] a licensee is affiliated of;
- 713 (A) [the charge] a complaint made to the division against the licensee that requires a  
714 written response from the licensee;
- 715 (B) a violation alleged against the licensee by the division;
- 716 (C) [and of] the time and place of any disciplinary hearing regarding the licensee; and
- 717 (D) the resolution of a violation alleged described in Subsection (1)(c)(i)(B); and  
718 (ii) upon inquiry from a principal broker regarding an affiliated licensee:[:]
- 719 (A) disciplinary actions made by the division against the licensee for the past five  
720 years; and
- 721 (B) the resolution of the disciplinary actions described in Subsection (1)(c)(ii)(A).
- 722 (d) A person previously licensed under this chapter remains responsible for, and is  
723 subject to disciplinary action for, an act the person committed while the person was licensed in  
724 violation of this chapter or an administrative rule in effect at the time the person committed the  
725 act, regardless of whether the person is currently licensed.
- 726 (2) (a) An applicant, certificate holder, licensee, registrant, or person aggrieved,  
727 including the complainant, may obtain agency review by the executive director and judicial  
728 review of any adverse ruling, order, or decision of the division.
- 729 (b) If an applicant, certificate holder, registrant, or licensee prevails in the appeal and  
730 the court finds that the state action was undertaken without substantial justification, the court  
731 may award reasonable litigation expenses to the applicant, certificate holder, registrant, or  
732 licensee as provided under Title 78B, Chapter 8, Part 5, Small Business Equal Access to  
733 Justice Act.
- 734 (c) (i) An order, ruling, or decision of the division shall take effect and become  
735 operative 30 days after the service of the order, ruling, or decision unless otherwise provided in  
736 the order.
- 737 (ii) If an appeal is taken by a licensee, registrant, or certificate holder, the division may  
738 stay enforcement of an order, ruling, or decision in accordance with Section [63G-4-405](#).
- 739 (iii) An appeal is governed by the Utah Rules of Appellate Procedure.
- 740 (3) The commission and the director shall comply with the procedures and



741 requirements of Title 63G, Chapter 4, Administrative Procedures Act, in an adjudicative  
742 proceeding.

743 Section 7. Section **61-2g-306** is amended to read:

744 **61-2g-306. Renewal of license, certification, or registration.**

745 (1) To renew a license, certification, or registration, before the license, certification, or  
746 registration expires, the holder of the license, certification, or registration shall submit to the  
747 division in compliance with procedures set through the concurrence of the division and the  
748 board:

749 (a) an application for renewal;

750 (b) a fee established by the division and the board, in accordance with Section  
751 [63J-1-504](#); and

752 (c) evidence in the form prescribed by the division of having completed the continuing  
753 education requirements for renewal specified in this chapter.

754 (2) (a) A license, certification, or registration expires if it is not renewed on or before  
755 its expiration date.

756 (b) For a period of 30 days after the expiration date, a license, certification, or  
757 registration may be reinstated upon:

758 (i) payment of a renewal fee and a late fee determined through the concurrence of the  
759 division and the board; and

760 (ii) satisfying the continuing education requirements specified in Section [61-2g-307](#).

761 (c) After the 30-day period described in Subsection (2)(b), and until six months after  
762 the expiration date, a license, certification, or registration may be reinstated by:

763 (i) paying a renewal fee and a reinstatement fee determined through the concurrence of  
764 the division and the board; and

765 (ii) satisfying the continuing education requirements specified in Section [61-2g-307](#).

766 (d) After the six-month period described in Subsection (2)(c), and until one year after  
767 the expiration date, a license, certification, or registration may be reinstated by:

768 (i) paying a renewal fee and a reinstatement fee determined through the concurrence of  
769 the division and the board in accordance with Section [63J-1-504](#);

770 (ii) providing proof acceptable to the division, with the concurrence of the board, of the  
771 person having satisfied the continuing education requirements of Section [61-2g-307](#); and

772 (iii) providing proof acceptable to the division, with the concurrence of the board, of  
773 the person completing 24 hours of continuing education:

774 (A) in addition to the requirements in Section 61-2g-307; and

775 (B) on a subject determined by the division by rule made in accordance with Title 63G,  
776 Chapter 3, Utah Administrative Rulemaking Act.

777 (e) The division shall relicense, recertify, or reregister a person who does not renew  
778 that person's license, certification, or registration within one year after the expiration date as  
779 prescribed for an original application.

780 (f) Notwithstanding Subsection (2)(a), the division may extend the term of a license,  
781 certification, or registration that would expire under Subsection (2)(a) except for the extension  
782 if:

783 (i) (A) the person complies with the requirements of this section to renew the license,  
784 certification, or registration; and

785 (B) the application for renewal remains pending at the time of the extension; or

786 (ii) at the time of the extension, there is pending under this chapter a disciplinary  
787 action.

788 (3) A person who is licensed, certified, or registered under this chapter shall notify the  
789 division of the following by sending the division a signed statement within 10 business days  
790 [of] after the day on which:

791 ~~[(a) a conviction of, or the entry of a plea in abeyance to:]~~

792 ~~[(i) a felony; or]~~

793 ~~[(ii) a misdemeanor involving financial services or a financial services-related  
794 business, fraud, a false statement or omission, theft or wrongful taking of property, bribery,  
795 perjury, forgery, counterfeiting, or extortion;]~~

796 ~~[(b) the potential resolution of a felony or of a misdemeanor described in Subsection  
797 (3)(a)(ii) by:]~~

798 ~~[(i) a diversion agreement; or]~~

799 ~~[(ii) any other agreement under which a criminal charge is suspended for a period of  
800 time;]~~

801 ~~[(c)]~~ (a) the [suspension, revocation, surrender, cancellation, or denial of a] person's  
802 professional license, certification, or registration [of the person,] is suspended, revoked,

803 surrendered, canceled, or denied, regardless of whether the license, certification, or registration  
804 is issued by this state or another jurisdiction; or

805 [~~(d)~~] (b) [~~the entry of~~] a cease and desist order or a temporary or permanent injunction  
806 is entered:

807 (i) against the person by a court or administrative agency; and

808 (ii) on the basis of:

809 (A) conduct or a practice involving an act regulated by this chapter; or

810 (B) conduct involving fraud, misrepresentation, or deceit.

811 (4) The board, with the concurrence of the division, shall enforce the reporting  
812 requirement of Subsection (3) pursuant to Section [61-2g-502](#).

813 Section 8. **Effective date.**

814 This bill takes effect on May 1, 2024.