

Representative Gage Froerer proposes the following substitute bill:

DIVISION OF REAL ESTATE AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gage Froerer

Senate Sponsor: J. Stuart Adams

LONG TITLE

General Description:

This bill modifies provisions relating to real estate.

Highlighted Provisions:

This bill:

- ▶ modifies the entity with which a subdivider files an effective statement of record, in accordance with federal law;
- ▶ modifies a provision regarding addresses provided to the Division of Real Estate;
- ▶ modifies a provision relating to criminal background checks of applicants for a license to transact the business of residential mortgage loans;
- ▶ modifies lending manager licensing provisions;
- ▶ increases the period of reinstatement of an expired registration;
- ▶ exempts from the licensing requirements described in Title 61, Chapter 2f, Real Estate Licensing and Practices Act an individual who engages in isolated real estate services, if the individual holds a duly executed power of attorney from a property owner;
- ▶ modifies a provision relating to the determination of a license examination fee; and
- ▶ authorizes the Division of Real Estate to terminate the registration of an entity if the entity's registration with the Division of Corporations and Commercial Code has



26 been expired for a specified period and the entity's license has been inactive for a specified
27 period.

28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **57-11-4**, as last amended by Laws of Utah 2009, Chapter 352

35 **61-2c-106**, as last amended by Laws of Utah 2012, Chapter 166

36 **61-2c-202**, as last amended by Laws of Utah 2011, Chapter 289

37 **61-2c-206**, as last amended by Laws of Utah 2012, Chapter 166

38 **61-2e-204**, as last amended by Laws of Utah 2012, Chapter 166

39 **61-2f-202**, as last amended by Laws of Utah 2011, Chapters 289 and 398

40 **61-2f-204**, as last amended by Laws of Utah 2011, Chapter 289

41 **61-2f-206**, as last amended by Laws of Utah 2011, Chapter 289



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

44 Section 1. Section **57-11-4** is amended to read:

45 **57-11-4. Exemptions.**

46 (1) Unless the method of disposition is adopted for the purpose of evasion of this
47 chapter or the federal act, this chapter does not apply to an offer or disposition of an interest in
48 land:

49 (a) by a purchaser of subdivided lands for the person's own account in a single or
50 isolated transaction;

51 (b) (i) on a unit of which there is a residential, commercial, or industrial building; or

52 (ii) on a unit of which there is a legal obligation on the part of the seller to complete
53 construction of a residential, commercial, or industrial building within two years from date of
54 disposition;

55 (c) unless a person who acquires land for one of the following purposes sells that land
56 to one or more individuals as unimproved lots with no legal obligation on the part of the seller

57 to construct a residential, commercial, or industrial building on that lot within two years from
58 the date of disposition:

59 (i) if the person acquires an interest in the land for use in the business of constructing
60 residential, commercial, or industrial buildings; or

61 (ii) if the person acquires the type of land described in Subsection (1)(c)(i) for the
62 purpose of disposition to a person engaged in the business of constructing residential,
63 commercial, or industrial buildings;

64 (d) pursuant to court order;

65 (e) by a government or government agency;

66 (f) (i) if the interest lies within the boundaries of a city or a county which:

67 (A) has a planning and zoning board using at least one professional planner;

68 (B) enacts ordinances that require approval of planning, zoning, and plats, including
69 the approval of plans for streets, culinary water, sanitary sewer, and flood control; and

70 (C) will have the improvements described in Subsection (1)(f)(i)(B) plus telephone and
71 electricity; and

72 (ii) if at the time of the offer or disposition the subdivider furnishes satisfactory
73 assurance of completion of the improvements described in Subsection (1)(f)(i)(C);

74 (g) in an industrial park;

75 (h) as cemetery lots; or

76 (i) if the interest is offered as part of a camp resort as defined in Section 57-19-2 or a
77 timeshare development as defined in Section 57-19-2.

78 (2) Unless the method of disposition is adopted for the purpose of evasion of this
79 chapter or the provisions of the federal act, this chapter, except as specifically designated, does
80 not apply to an offer or disposition of:

81 (a) indebtedness secured by a mortgage or deed of trust on real estate;

82 (b) a security or unit of interest issued by a real estate investment trust regulated under
83 any state or federal statute;

84 (c) subject to Subsection (5), subdivided lands registered under the federal act and
85 which the division finds to be in the public interest to exempt from the registration
86 requirements of this chapter;

87 (d) a security currently registered with the Division of Securities; or

88 (e) an interest in oil, gas, or other minerals or a royalty interest in these assets if the
89 offer or disposition of the interest is regulated as a security by the federal government or by the
90 Division of Securities.

91 (3) (a) Notwithstanding the exemptions in Subsections (1) and (2), a person making an
92 offer or disposition of an interest in land that is located in Utah shall apply to the division for
93 an exemption before the offer or disposition is made if:

94 (i) the person is representing, in connection with the offer or disposition, the
95 availability of culinary water service to or on the subdivided land; and

96 (ii) the culinary water service is provided by a water corporation as defined in Section
97 54-2-1.

98 (b) A subdivider seeking to qualify under this exemption shall file with the division a
99 filing fee of \$50 and an application containing:

100 (i) information required by the division to show that the offer or disposition is exempt
101 under this section;

102 (ii) a statement as to what entity will be providing culinary water service and the nature
103 of that entity; and

104 (iii) (A) a copy of the entity's certificate of convenience and necessity issued by the
105 Public Service Commission; or

106 (B) evidence that the entity providing water service is exempt from the jurisdiction of
107 the Public Service Commission.

108 (4) (a) The director may by rule or order exempt a person from a requirement of this
109 chapter if the director finds that the offering of an interest in a subdivision is essentially
110 noncommercial.

111 (b) For purposes of this section, the bulk sale of subdivided lands by a subdivider to
112 another person who will become the subdivider of those lands is considered essentially
113 noncommercial.

114 (5) (a) A subdivider seeking to qualify under the exemption described in Subsection
115 (2)(c) shall file with the division:

116 (i) a copy of an effective statement of record filed with the ~~[secretary of the~~
117 ~~Department of Housing and Urban Development]~~ Consumer Financial Protection Bureau; and

118 (ii) a filing fee of \$100.

119 (b) If a subdivider does not qualify under the exemption described in Subsection (2)(c),
120 the division shall credit the filing fee described in Subsection (5)(a) to the filing fee required
121 for registration under this chapter.

122 (c) Nothing in this Subsection (5) exempts a subdivider from:

123 (i) Sections 57-11-16 and 57-11-17; or

124 (ii) the requirement to file an annual report with the division under Section 57-11-10.

125 (6) Notwithstanding an exemption under this section, the division:

126 (a) retains jurisdiction over an offer or disposition of an interest in land to determine
127 whether or not the exemption continues to apply; and

128 (b) may require compliance with this chapter if an exemption no longer applies.

129 Section 2. Section **61-2c-106** is amended to read:

130 **61-2c-106. Addresses provided the division.**

131 (1) (a) A person shall provide a physical location or street address when the person
132 provides the nationwide database an address required by the division.

133 (b) The following when provided to and maintained within the division under this
134 chapter is public information:

135 (i) a business address; or

136 (ii) a mailing address other than a home address, unless the person provides no other
137 address.

138 (2) A licensee is considered to have received a notification that is mailed to the last
139 mailing address furnished to the nationwide database by:

140 (a) the individual, if the licensee is an individual; or

141 (b) the lending manager who is designated within the nationwide database to act as the
142 principal lending manager for the entity, if the licensee is an entity.

143 Section 3. Section **61-2c-202** is amended to read:

144 **61-2c-202. Licensure procedures.**

145 (1) To apply for licensure under this chapter an applicant shall in a manner provided by
146 the division by rule:

147 (a) if the applicant is an entity, submit a licensure statement that:

148 (i) lists any name under which the entity will transact business in this state;

149 (ii) lists the address of the principal business location of the entity;

- 150 (iii) identifies the principal lending manager of the entity;
- 151 (iv) contains the signature of the principal lending manager;
- 152 (v) identifies the one or more control persons for the entity;
- 153 (vi) identifies the jurisdictions in which the entity is registered, licensed, or otherwise
- 154 regulated in the business of residential mortgage loans;
- 155 (vii) discloses any adverse administrative action taken by an administrative agency
- 156 against:
- 157 (A) the entity; or
- 158 (B) any control person for the entity;
- 159 (viii) discloses any history of criminal proceedings involving any control person for the
- 160 entity; and
- 161 (ix) includes any information required by the division by rule;
- 162 (b) if the applicant is an individual:
- 163 (i) submit a licensure statement that identifies the entity with which the applicant is
- 164 sponsored;
- 165 (ii) authorize [a] periodic criminal background [~~check~~] checks through the nationwide
- 166 database, at times provided by rule that the division makes in accordance with Title 63G,
- 167 Chapter 3, Utah Administrative Rulemaking Act, accessing:
- 168 (A) the Utah Bureau of Criminal Identification, if the nationwide database is able to
- 169 obtain information from the Utah Bureau of Criminal Identification; and
- 170 (B) the Federal Bureau of Investigation;
- 171 (iii) submit evidence using a method approved by the division by rule of having
- 172 successfully completed approved prelicensing education in accordance with Section
- 173 61-2c-204.1;
- 174 (iv) submit evidence using a method approved by the division by rule of having
- 175 successfully passed any required licensing examination in accordance with Section
- 176 61-2c-204.1; [~~and~~]
- 177 (v) submit evidence using a method approved by the division by rule of having
- 178 successfully registered in the nationwide database, including paying a fee required by the
- 179 nationwide database; and
- 180 (vi) authorize the division to obtain independent credit reports:

181 (A) through a consumer reporting agency described in Section 603(p) of the Fair Credit
182 Reporting Act, 15 U.S.C. Sec. 1681a; and

183 (B) at times provided by rule that the division makes in accordance with Title 63G,
184 Chapter 3, Utah Administrative Rulemaking Act; and

185 (c) pay to the division:

186 (i) an application fee established by the division in accordance with Section 63J-1-504;

187 and

188 (ii) the reasonable expenses incurred by the division in processing the application for
189 licensure.

190 (2) (a) Upon receiving an application, the division, with the concurrence of the
191 commission, shall determine whether the applicant:

192 (i) meets the qualifications for licensure; and

193 (ii) complies with this section.

194 (b) If the division, with the concurrence of the commission, determines that an
195 applicant meets the qualifications for licensure and complies with this section, the division
196 shall issue the applicant a license.

197 (c) If the division, with the concurrence of the commission, determines that the
198 division requires more information to make a determination under Subsection (2)(a), the
199 division may:

200 (i) hold the application pending further information about an applicant's criminal
201 background or history related to adverse administrative action in any jurisdiction; or

202 (ii) issue a conditional license:

203 (A) pending the completion of a criminal background check; and

204 (B) subject to probation, suspension, or revocation if the criminal background check
205 reveals that the applicant did not truthfully or accurately disclose on the licensing application a
206 criminal history or other history related to adverse administrative action.

207 (3) (a) The commission may delegate to the division the authority to:

208 (i) review a class or category of application for an initial or renewed license;

209 (ii) determine whether an applicant meets the qualifications for licensure;

210 (iii) conduct a necessary hearing on an application; and

211 (iv) approve or deny a license application without concurrence by the commission.

212 (b) If the commission delegates to the division the authority to approve or deny an
213 application without concurrence by the commission and the division denies an application for
214 licensure, the applicant who is denied licensure may petition the commission for a de novo
215 review of the application.

216 (c) An applicant who is denied licensure under Subsection (3)(b) may seek agency
217 review by the executive director only after the commission reviews the division's denial of the
218 applicant's application.

219 (d) Subject to Subsection (3)(c) and in accordance with Title 63G, Chapter 4,
220 Administrative Procedures Act, an applicant who is denied licensure under this chapter may
221 submit a request for agency review to the executive director within 30 days following the day
222 on which the commission order denying the licensure is issued.

223 Section 4. Section **61-2c-206** is amended to read:

224 **61-2c-206. Lending manager licenses.**

225 (1) To qualify for licensure as a lending manager under this chapter, an individual
226 shall:

227 (a) meet the standards in Section 61-2c-203;

228 (b) successfully complete the following education:

229 (i) mortgage loan originator prelicensing education as required by federal licensing
230 regulations; and

231 (ii) 40 hours of Utah-specific prelicensing education for a lending manager that is
232 approved by the division under Section 61-2c-204.1;

233 (c) successfully complete the following examinations:

234 (i) the mortgage loan originator licensing examination as approved by the nationwide
235 database; and

236 (ii) the lending manager licensing examination approved by the commission under
237 Section 61-2c-204.1;

238 (d) submit proof, on a form approved by the division, of three years of full-time active
239 experience as a mortgage loan originator licensed in any state in the five years preceding the
240 day on which the application is submitted, or equivalent experience as approved by the
241 commission pursuant to rule that the division makes in accordance with Title 63G, Chapter 3,
242 Utah Administrative Rulemaking Act;

- 243 (e) submit an application in a manner established by the division by rule;
- 244 (f) establish sponsorship with an entity licensed under this chapter;
- 245 (g) ~~[if the individual is not registered in the nationwide database as a mortgage loan~~
246 ~~originator at the time of application,]~~ submit to the criminal background check required by
247 Subsection 61-2c-202(1)(b); and
- 248 (h) pay a fee determined by the division under Section 63J-1-504.
- 249 (2) A lending manager may not:
- 250 (a) engage in the business of residential mortgage loans on behalf of more than one
251 entity at the same time;
- 252 (b) be sponsored by more than one entity at the same time; or
- 253 (c) act simultaneously as the principal lending manager and branch lending manager
254 for the individual's sponsoring entity, if the entity operates from more than one office ~~[located~~
255 ~~within the state]~~.
- 256 (3) An individual who is a lending manager may:
- 257 (a) transact the business of residential mortgage loans as a mortgage loan originator;
258 and
- 259 (b) be designated within the nationwide database to act for the individual's sponsoring
260 entity as the principal lending manager, an associate lending manager, or a branch lending
261 manager.
- 262 Section 5. Section **61-2e-204** is amended to read:
- 263 **61-2e-204. Renewal of a registration.**
- 264 (1) (a) A registration under this chapter expires two years from the day on which the
265 registration is filed.
- 266 (b) Notwithstanding Subsection (1)(a), the time period of a registration may be
267 extended or shortened by as much as one year to maintain or change a renewal cycle
268 established by rule by the division.
- 269 (2) To renew a registration under this chapter, before the day on which the registration
270 expires, an appraisal management company shall:
- 271 (a) file with the division a renewal registration application on a form prescribed by the
272 division;
- 273 (b) pay to the division a fee determined in accordance with Section 63J-1-504; and

274 (c) file with the division a certificate evidencing that the appraisal management
275 company has secured and will maintain a surety bond with one or more corporate sureties
276 authorized to do business in the state in the amount of at least \$25,000, as the division provides
277 by rule.

278 (3) A renewal registration application shall include substantially similar information to
279 the information required under Section 61-2e-202, except that for an individual described in
280 Subsection 61-2e-202(2)(e) or (g), the entity is required to report whether the individual has
281 had:

282 (a) (i) a conviction of a criminal offense;

283 (ii) the entry of a plea in abeyance to a criminal offense; or

284 (iii) the potential resolution of a criminal case by:

285 (A) a diversion agreement; or

286 (B) another agreement under which a criminal charge is held in suspense for a period
287 of time;

288 (b) a filing of personal bankruptcy or bankruptcy of a business that transacts the
289 appraisal management services;

290 (c) the suspension, revocation, surrender, cancellation, or denial of a professional
291 license or certification, whether the license or registration is issued by this state or another
292 jurisdiction; or

293 (d) the entry of a cease and desist order or a temporary or permanent injunction:

294 (i) against the individual by a court or government agency; and

295 (ii) on the basis of:

296 (A) conduct or a practice involving the business of appraisal management services; or

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

298 (4) A registration expires if it is not renewed on or before its expiration date, except
299 that for a period of [~~30 days~~] one year after the expiration date, the registration may be
300 reinstated upon compliance with this section, including payment of a renewal fee and a late fee
301 determined by the division and the board.

302 (5) Notwithstanding Subsection (4), the division may extend the term of a license that
303 would expire under Subsection (4) except for the extension if:

304 (a) (i) the person complies with the requirements of this section to renew the

305 registration; and

306 (ii) the renewal application remains pending at the time of the extension; or

307 (b) at the time of the extension, there is pending under this chapter a disciplinary
308 action.

309 Section 6. Section **61-2f-202** is amended to read:

310 **61-2f-202. Exempt persons and transactions.**

311 (1) (a) Except as provided in Subsection (1)(b), a license under this chapter is not
312 required for:

313 (i) an individual who as owner or lessor performs an act described in Subsection
314 61-2f-102(18) with reference to real estate owned or leased by that individual;

315 (ii) a regular salaried employee of the owner or lessor of real estate who, with reference
316 to nonresidential real estate owned or leased by the employer, performs an act described in
317 Subsection 61-2f-102(18)(a) or (b);

318 (iii) a regular salaried employee of the owner of real estate who performs property
319 management services with reference to real estate owned by the employer, except that the
320 employee may only manage real estate for one employer;

321 (iv) an individual who performs property management services for the apartments at
322 which that individual resides in exchange for free or reduced rent on that individual's
323 apartment;

324 (v) a regular salaried employee of a condominium homeowners' association who
325 manages real estate subject to the declaration of condominium that established the
326 condominium homeowners' association, except that the employee may only manage real estate
327 for one condominium homeowners' association; and

328 (vi) a regular salaried employee of a licensed property management company who
329 performs support services, as prescribed by rule, for the property management company.

330 (b) Subsection (1)(a) does not exempt from licensing:

331 (i) an employee engaged in the sale of real estate regulated under:

332 (A) Title 57, Chapter 11, Utah Uniform Land Sales Practices Act; or

333 (B) Title 57, Chapter 19, Timeshare and Camp Resort Act;

334 (ii) an employee engaged in the sale of cooperative interests regulated under Title 57,
335 Chapter 23, Real Estate Cooperative Marketing Act; or

336 (iii) an individual whose interest as an owner or lessor is obtained by that individual or
 337 transferred to that individual for the purpose of evading the application of this chapter, and not
 338 for another legitimate business reason.

339 (2) A license under this chapter is not required for:

340 (a) ~~an~~ isolated ~~transaction~~ transactions ~~or~~
 340a ~~services~~ service ~~by~~ by an individual holding a duly
 341 executed power of attorney from ~~an~~ a property owner;

342 (b) services rendered by an attorney admitted to practice law in this state in performing
 343 the attorney's duties as an attorney;

344 (c) a receiver, trustee in bankruptcy, administrator, executor, or an individual acting
 345 under order of a court;

346 (d) a trustee or employee of a trustee under a deed of trust or a will;

347 (e) a public utility, officer of a public utility, or regular salaried employee of a public
 348 utility, unless performance of an act described in Subsection 61-2f-102(18) is in connection
 349 with the sale, purchase, lease, or other disposition of real estate or investment in real estate
 350 unrelated to the principal business activity of that public utility;

351 (f) a regular salaried employee or authorized agent working under the oversight of the
 352 Department of Transportation when performing an act on behalf of the Department of
 353 Transportation in connection with one or more of the following:

354 (i) the acquisition of real estate pursuant to Section 72-5-103;

355 (ii) the disposal of real estate pursuant to Section 72-5-111;

356 (iii) services that constitute property management; or

357 (iv) the leasing of real estate; and

358 (g) a regular salaried employee of a county, city, or town when performing an act on
 359 behalf of the county, city, or town:

360 (i) in accordance with:

361 (A) if a regular salaried employee of a city or town:

362 (I) Title 10, Utah Municipal Code; or

363 (II) Title 11, Cities, Counties, and Local Taxing Units; and

364 (B) if a regular salaried employee of a county:

365 (I) Title 11, Cities, Counties, and Local Taxing Units; and

366 (II) Title 17, Counties; and

367 (ii) in connection with one or more of the following:

368 (A) the acquisition of real estate, including by eminent domain;

369 (B) the disposal of real estate;

370 (C) services that constitute property management; or

371 (D) the leasing of real estate.

372 (3) A license under this chapter is not required for an individual registered to act as a
373 broker-dealer, agent, or investment adviser under the Utah and federal securities laws in the
374 sale or the offer for sale of real estate if:

375 (a) (i) the real estate is a necessary element of a "security" as that term is defined by the
376 Securities Act of 1933 and the Securities Exchange Act of 1934; and

377 (ii) the security is registered for sale in accordance with:

378 (A) the Securities Act of 1933; or

379 (B) Title 61, Chapter 1, Utah Uniform Securities Act; or

380 (b) (i) it is a transaction in a security for which a Form D, described in 17 C.F.R. Sec.
381 239.500, has been filed with the Securities and Exchange Commission pursuant to Regulation
382 D, Rule 506, 17 C.F.R. Sec. 230.506; and

383 (ii) the selling agent and the purchaser are not residents of this state.

384 Section 7. Section **61-2f-204** is amended to read:

385 **61-2f-204. Licensing fees and procedures -- Renewal fees and procedures.**

386 (1) (a) Upon filing an application for an examination for a license under this chapter,
387 the applicant shall pay a nonrefundable fee [~~as determined by the commission with the~~
388 ~~concurrence of the division under~~] established in accordance with Section 63J-1-504 for
389 admission to the examination.

390 (b) An applicant for a principal broker, associate broker, or sales agent license shall
391 pay a nonrefundable fee as determined by the commission with the concurrence of the division
392 under Section 63J-1-504 for issuance of an initial license or license renewal.

393 (c) A license issued under this Subsection (1) shall be issued for a period of not less
394 than two years as determined by the division with the concurrence of the commission.

395 (d) (i) Any of the following applicants shall comply with this Subsection (1)(d):

396 (A) a new sales agent applicant;

397 (B) a principal broker applicant; or

- 398 (C) an associate broker applicant.
- 399 (ii) An applicant described in this Subsection (1)(d) shall:
- 400 (A) submit fingerprint cards in a form acceptable to the division at the time the license
401 application is filed; and
- 402 (B) consent to a criminal background check by the Utah Bureau of Criminal
403 Identification and the Federal Bureau of Investigation regarding the application.
- 404 (iii) The division shall request the Department of Public Safety to complete a Federal
405 Bureau of Investigation criminal background check for each applicant described in this
406 Subsection (1)(d) through the national criminal history system or any successor system.
- 407 (iv) The applicant shall pay the cost of the criminal background check and the
408 fingerprinting.
- 409 (v) Money paid to the division by an applicant for the cost of the criminal background
410 check is nonlapsing.
- 411 (e) (i) A license issued under Subsection (1)(d) is conditional, pending completion of
412 the criminal background check.
- 413 (ii) A license is immediately and automatically revoked if the criminal background
414 check discloses the applicant fails to accurately disclose a criminal history involving:
- 415 (A) the real estate industry; or
- 416 (B) a felony conviction on the basis of an allegation of fraud, misrepresentation, or
417 deceit.
- 418 (iii) If a criminal background check discloses that an applicant fails to accurately
419 disclose a criminal history other than one described in Subsection (1)(e)(ii), the division:
- 420 (A) shall review the application; and
- 421 (B) in accordance with rules made by the division pursuant to Title 63G, Chapter 3,
422 Utah Administrative Rulemaking Act, may:
- 423 (I) place a condition on a license;
- 424 (II) place a restriction on a license;
- 425 (III) revoke a license; or
- 426 (IV) refer the application to the commission for a decision.
- 427 (iv) A person whose conditional license is automatically revoked under Subsection
428 (1)(e)(ii) or whose license is conditioned, restricted, or revoked under Subsection (1)(e)(iii)

429 may have a hearing after the action is taken to challenge the action. The hearing shall be
430 conducted in accordance with Title 63G, Chapter 4, Administrative Procedures Act.

431 (v) The director shall designate one of the following to act as the presiding officer in a
432 hearing described in Subsection (1)(e)(iv):

433 (A) the division; or

434 (B) the division with the concurrence of the commission.

435 (vi) The decision on whether relief from an action under this Subsection (1)(e) will be
436 granted shall be made by the presiding officer.

437 (vii) Relief from an automatic revocation under Subsection (1)(e)(ii) may be granted
438 only if:

439 (A) the criminal history upon which the division based the revocation:

440 (I) did not occur; or

441 (II) is the criminal history of another person;

442 (B) (I) the revocation is based on a failure to accurately disclose a criminal history; and

443 (II) the applicant has a reasonable good faith belief at the time of application that there
444 was no criminal history to be disclosed; or

445 (C) the division fails to follow the prescribed procedure for the revocation.

446 (viii) If a license is revoked or a revocation under this Subsection (1)(e) is upheld after
447 a hearing, the individual may not apply for a new license until at least 12 months after the day
448 on which the license is revoked.

449 (2) (a) (i) A license expires if it is not renewed on or before its expiration date.

450 (ii) As a condition of renewal, an active licensee shall demonstrate competence by
451 completing 18 hours of continuing education within a two-year renewal period subject to rules
452 made by the commission, with the concurrence of the division.

453 (iii) In making a rule described in Subsection (2)(c)(ii), the division and commission
454 shall consider:

455 (A) evaluating continuing education on the basis of competency, rather than course
456 time;

457 (B) allowing completion of courses in a significant variety of topic areas that the
458 division and commission determine are valuable in assisting an individual licensed under this
459 chapter to increase the individual's competency; and

460 (C) allowing completion of courses that will increase a licensee's professional
461 competency in the area of practice of the licensee.

462 (iv) The division may award credit to a licensee for a continuing education requirement
463 of this Subsection (2)(a) for a reasonable period of time upon a finding of reasonable cause,
464 including:

465 (A) military service; or

466 (B) if an individual is elected or appointed to government service, the individual's
467 government service during which the individual spends a substantial time addressing real estate
468 issues subject to conditions established by rule made in accordance with Title 63G, Chapter 3,
469 Utah Administrative Rulemaking Act.

470 (b) For a period of 30 days after the expiration date of a license, the license may be
471 reinstated upon:

472 (i) payment of a renewal fee and a late fee determined by the commission with the
473 concurrence of the division under Section 63J-1-504; and

474 (ii) providing proof acceptable to the division and the commission of the licensee
475 having:

476 (A) completed the hours of education required by Subsection (2)(a); or

477 (B) demonstrated competence as required under Subsection (2)(a).

478 (c) After the 30-day period described in Subsection (2)(b), and until six months after
479 the expiration date, the license may be reinstated by:

480 (i) paying a renewal fee and a late fee determined by the commission with the
481 concurrence of the division under Section 63J-1-504;

482 (ii) providing to the division proof of satisfactory completion of six hours of continuing
483 education:

484 (A) in addition to the requirements for a timely renewal; and

485 (B) on a subject determined by the commission by rule made in accordance with Title
486 63G, Chapter 3, Utah Administrative Rulemaking Act; and

487 (iii) providing proof acceptable to the division and the commission of the licensee
488 having:

489 (A) completed the hours of education required under Subsection (2)(a); or

490 (B) demonstrated competence as required under Subsection (2)(a).

491 (d) After the six-month period described in Subsection (2)(c), and until one year after
492 the expiration date, the license may be reinstated by:

493 (i) paying a renewal fee and a late fee determined by the commission with the
494 concurrence of the division under Section 63J-1-504;

495 (ii) providing to the division proof of satisfactory completion of 24 hours of continuing
496 education:

497 (A) in addition to the requirements for a timely renewal; and

498 (B) on a subject determined by the commission by rule made in accordance with Title
499 63G, Chapter 3, Utah Administrative Rulemaking Act; and

500 (iii) providing proof acceptable to the division and the commission of the licensee
501 having:

502 (A) completed the hours of education required by Subsection (2)(a); or

503 (B) demonstrated competence as required under Subsection (2)(a).

504 (e) The division shall relicense a person who does not renew that person's license
505 within one year as prescribed for an original application.

506 (f) Notwithstanding Subsection (2)(a), the division may extend the term of a license
507 that would expire under Subsection (2)(a) except for the extension if:

508 (i) (A) the person complies with the requirements of this section to renew the license;
509 and

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

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

513 (3) (a) As a condition for the activation of an inactive license that was in an inactive
514 status at the time of the licensee's most recent renewal, the licensee shall supply the division
515 with proof of:

516 (i) successful completion of the respective sales agent or principal broker licensing
517 examination within six months before applying to activate the license; or

518 (ii) the successful completion of the hours of continuing education that the licensee
519 would have been required to complete under Subsection (2)(a) if the license had been on active
520 status at the time of the licensee's most recent renewal.

521 (b) The commission may, in accordance with Title 63G, Chapter 3, Utah

522 Administrative Rulemaking Act, establish by rule:

523 (i) the nature or type of continuing education required for reactivation of a license; and

524 (ii) how long before reactivation the continuing education must be completed.

525 Section 8. Section **61-2f-206** is amended to read:

526 **61-2f-206. Registration of entity or branch office -- Certification of education**
527 **providers and courses -- Specialized licenses.**

528 (1) (a) An entity may not engage in an activity described in Section 61-2f-201, unless it
529 is registered with the division.

530 (b) To register with the division under this Subsection (1), an entity shall submit to the
531 division:

532 (i) an application in a form required by the division;

533 (ii) evidence of an affiliation with a principal broker;

534 (iii) evidence that the entity is registered and in good standing with the Division of
535 Corporations and Commercial Code; and

536 (iv) a registration fee established by the commission with the concurrence of the
537 division under Section 63J-1-504.

538 (c) The division may terminate an entity's registration if:

539 (i) the entity's registration with the Division of Corporations and Commercial Code has
540 been expired for at least three years; and

541 (ii) the entity's license with the division has been inactive for at least three years.

542 (2) (a) A principal broker shall register with the division each of the principal broker's
543 branch offices.

544 (b) To register a branch office with the division under this Subsection (2), a principal
545 broker shall submit to the division:

546 (i) an application in a form required by the division; and

547 (ii) a registration fee established by the commission with the concurrence of the
548 division under Section 63J-1-504.

549 (3) (a) In accordance with rules made by the commission, the division shall certify:

550 (i) a real estate school;

551 (ii) a course provider; or

552 (iii) an instructor.

553 (b) In accordance with rules made by the commission, and with the concurrence of the
554 commission, the division shall certify a continuing education course that is required under this
555 chapter.

556 (4) (a) Except as provided by rule, a principal broker may not be responsible for more
557 than one registered entity at the same time.

558 (b) (i) In addition to issuing a principal broker license, associate broker license, or sales
559 agent license authorizing the performance of an act set forth in Section 61-2f-201, the division
560 may issue a specialized sales license or specialized property management license with the
561 scope of practice limited to the specialty.

562 (ii) An individual may hold a specialized license in addition to a license as a principal
563 broker, associate broker, or a sales agent.

564 (iii) The commission may adopt rules pursuant to Title 63G, Chapter 3, Utah
565 Administrative Rulemaking Act, for the administration of this Subsection (4), including:

- 566 (A) prelicensing and postlicensing education requirements;
- 567 (B) examination requirements;
- 568 (C) affiliation with real estate brokerages or property management companies; and
- 569 (D) other licensing procedures.