

1 SENATE BILL 238

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

4 James P. White

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10 AN ACT

11 RELATING TO REAL PROPERTY; AUTHORIZING THE NEW MEXICO REAL
12 ESTATE COMMISSION TO REQUIRE THAT A REAL ESTATE BROKER THAT
13 MANAGES RESIDENTIAL REAL PROPERTY PROVIDE A BOND TO PROTECT THE
14 REAL PROPERTY OWNER.

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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. A new Section 61-29-4.5 NMSA 1978 is enacted
18 to read:

19 "61-29-4.5. [NEW MATERIAL] ADDITIONAL POWERS OF
20 COMMISSION--RESIDENTIAL PROPERTY MANAGEMENT BOND.--

21 A. The commission may adopt rules that require that
22 a licensee that provides or declares an intent to provide
23 residential property management services to others shall file
24 with the commission a surety bond in favor of the commission in
25 a total aggregate amount of not less than one hundred thousand

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1 dollars (\$100,000), conditioned to pay the actual damages
2 suffered by property owners and tenants as a result of
3 financial harm caused by mismanagement, misappropriation,
4 deceit or embezzlement of an owner or tenant's funds deposited
5 in a property management trust account. The bond shall be
6 executed by a surety insurer authorized to do business in this
7 state. The commission may permit exceptions to the requirement
8 for a bond.

9 B. Bonds shall remain in effect during the term of
10 the license. Without prejudice to any liability accrued prior
11 to a cancellation, sureties may cancel their bonds by giving
12 written notice to the commission at least thirty days prior to
13 the effective date of the cancellation.

14 C. The commission is authorized to solicit sealed,
15 competitive proposals from bonding companies to provide to
16 licensees that provide residential property management services
17 a group professional bond program that complies with the terms
18 and conditions established by commission rule. The commission
19 may approve one or more bond policies that comply with the
20 commission rules.

21 D. Rules adopted by the commission shall permit a
22 licensee that provides residential property management services
23 to satisfy the requirement for bonding by participating in a
24 group program offered by the commission or by purchasing an
25 individual bond."

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SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2019.