
By: ~~Delegate Jacobs~~ Delegates Jacobs and Preis, Preis, Bonsack, DeCarlo, Fry, Harkins, Holt, and Weir

Introduced and read first time: February 1, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 20, 1996

CHAPTER ____

1 AN ACT concerning

2 **Real Estate Brokers - Limitation on Interest in Business by Associate Real Estate**

3 **Brokers and Real Estate Salespersons**

4 [TAG ftpt]FOR the purpose of ~~creating a certain exception to the limitation on~~ increasing the
5 percentage of interest in a real estate business that may be held by an associate real
6 estate broker or real estate salesperson or any combination of associate brokers or
7 salespersons; providing an exception to the general rule that an interest of a
8 licensee in a business through which real estate brokerage services are provided
9 shall include any interest in the business held by an immediate family member of
10 the licensee; defining a certain term; providing for the effective date of this Act; and
11 generally relating to the ownership of real estate businesses.

12 BY repealing and reenacting, with amendments,

13 Article - Business Occupations and Professions

14 Section 17-511

15 Annotated Code of Maryland

16 (1995 Replacement Volume and 1995 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Business Occupations and Professions**

20 17-511.

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

22 (2) "Business" means a person or entity, regardless of legal structure,

23 through which real estate brokerage services are provided.

2

1 (3) "Interest in a business" means, in the case of a business that is in a
2 corporation, the outstanding voting stock of the corporation through which real estate
3 brokerage services are provided.

4 (4) (I) "IMMEDIATE FAMILY MEMBER" MEANS A SPOUSE, PARENT,
5 CHILD, OR SIBLING.

6 (II) "IMMEDIATE FAMILY MEMBER" INCLUDES A STEPPARENT,
7 STEPCHILD, OR STEPSIBLING.

8 (b) (1) Not more than ~~49%~~ 50% of the interest in a business may be held
9 directly or indirectly by associate real estate brokers, real estate salespersons, or any
10 combination of associate brokers or salespersons.

11 (2) ~~AN~~ UNLESS THE IMMEDIATE FAMILY MEMBER IS AFFILIATED WITH
12 THE BUSINESS AS AN ASSOCIATE REAL ESTATE BROKER OR REAL ESTATE
13 SALESPERSON, AN interest of a licensee in a business through which real estate
14 brokerage services are provided shall include any interest in the business held by an
15 immediate family member of the licensee.

16 ~~(3) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION, 50% OF~~
17 ~~THE INTEREST IN A BUSINESS MAY BE HELD BY A SINGLE ASSOCIATE REAL ESTATE~~
18 ~~BROKER OR BY A SINGLE REAL ESTATE SALESPERSON.~~

19 (c) Except as to the limitation of interest of the professional service corporation
20 in a business through which real estate brokerage services are provided, this section does
21 not affect the formation of a professional service corporation by associate real estate
22 brokers and real estate salespersons authorized by § 17-512 of this subtitle.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 ~~October~~ June 1, 1996.