
By: **Senator Garagiola**

Introduced and read first time: January 27, 2005

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2005

CHAPTER _____

1 AN ACT concerning

2 **Real Estate Brokers - Limited Liability Companies - Payment of**
3 **Commission**

4 FOR the purpose of authorizing certain licensed real estate salespersons and licensed
5 associate real estate brokers, with the consent of a certain licensed real estate
6 broker, to form a certain limited liability company; providing for the formation of
7 a certain limited liability company; providing that a certain commission may be
8 paid to the limited liability company under certain circumstances; authorizing
9 payment of a commission for real estate brokerage services to limited liability
10 companies that meet certain requirements.

11 BY repealing and reenacting, with amendments,
12 Article - Business Occupations and Professions
13 Section 17-512 and 17-604(b)
14 Annotated Code of Maryland
15 (2004 Replacement Volume and 2004 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Business Occupations and Professions**

19 17-512.

20 (a) With the consent of a licensed real estate broker, one or more licensed real
21 estate salespersons and licensed associate real estate brokers who are affiliated with
22 the licensed real estate broker may:

1 (1) organize and wholly own a professional service corporation under the
2 Maryland Professional Service Corporation Act; OR

3 (2) FORM A LIMITED LIABILITY COMPANY UNDER THE MARYLAND
4 LIMITED LIABILITY COMPANY ACT.

5 (b) A professional service corporation may be organized and owned OR A
6 LIMITED LIABILITY COMPANY MAY BE FORMED under this section by any number and
7 any combination of licensed real estate salespersons and licensed associate real estate
8 brokers. However, each shareholder in the corporation OR MEMBER OF THE LIMITED
9 LIABILITY COMPANY shall be either a licensed real estate salesperson or a licensed
10 associate real estate broker.

11 (c) A licensed real estate salesperson or a licensed associate real estate broker
12 who is a shareholder of a professional service corporation OR A MEMBER OF A
13 LIMITED LIABILITY COMPANY may direct that any commission due the salesperson or
14 associate broker be paid to the corporation OR LIMITED LIABILITY COMPANY.

15 17-604.

16 (b) This section does not prohibit the payment of compensation to:

17 (1) an individual:

18 (i) who is licensed in another state; and

19 (ii) who meets the requirements of § 17-513 of this title; [or]

20 (2) a professional service corporation formed under § 17-512 of this title;

21 OR

22 (3) A LIMITED LIABILITY COMPANY ~~THAT EMPLOYS A LICENSED REAL~~
23 ~~ESTATE BROKER WHO:~~

24 (I) ~~IS A MEMBER OR MANAGER OF THAT LIMITED LIABILITY~~
25 ~~COMPANY; FORMED UNDER § 17-512 OF THIS TITLE.~~

26 (II) ~~MEETS THE REQUIREMENTS OF § 17-321 OF THIS TITLE; AND~~

27 (III) ~~DIRECTS THAT ANY COMMISSION DUE BE PAID TO THE LIMITED~~
28 ~~LIABILITY COMPANY.~~

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

30 October 1, 2005.

