

SENATE BILL 425

C3

2lr2048
CF 2lr2432

By: **Senator Reilly**

Introduced and read first time: January 26, 2022

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Real Estate Associate Brokers and Salespersons – Compensation – Payment**
3 **From Title Insurance Producer**

4 FOR the purpose of authorizing a certain title insurance producer to pay compensation for
5 the provision of real estate brokerage services to associate real estate brokers, real
6 estate salespersons, or certain business entities on behalf of a real estate broker
7 under certain circumstances; and generally relating to compensation for real estate
8 brokerage services.

9 BY repealing and reenacting, with amendments,
10 Article – Business Occupations and Professions
11 Section 17–322(b)(21) and 17–604
12 Annotated Code of Maryland
13 (2018 Replacement Volume and 2021 Supplement)

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

16 **Article – Business Occupations and Professions**

17 17–322.

18 (b) Subject to the hearing provisions of § 17–324 of this subtitle, the Commission
19 may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license
20 if the applicant or licensee:

21 (21) **EXCEPT AS PROVIDED UNDER § 17–604 OF THIS TITLE**, for real
22 estate brokerage services provided by an associate real estate broker or a real estate
23 salesperson, accepts a commission or other valuable consideration from any person other
24 than a real estate broker with whom the associate broker or the salesperson is affiliated;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 17-604.

2 (a) Except as provided in subsection (b) of this section, a real estate broker, an
3 associate real estate broker, or a real estate salesperson may not pay compensation, in any
4 form, for the provision of real estate brokerage services to any person who is not licensed
5 under this title.

6 (b) **[This] SUBSECTION (A) OF THIS** section does not prohibit the payment of
7 compensation to:

8 (1) an individual:

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

10 (ii) who meets the requirements of § 17-513 of this title;

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

12 (3) a limited liability company formed under § 17-512 of this title; [or]

13 (4) a business entity formed under § 17-512 of this title; **OR**

14 **(5) A TITLE INSURANCE PRODUCER LICENSED UNDER TITLE 10 OF**
15 **THE INSURANCE ARTICLE ACTING IN ACCORDANCE WITH SUBSECTION (C) OF THIS**
16 **SECTION.**

17 **(C) DURING THE SETTLEMENT OF PROPERTY, A LICENSED TITLE**
18 **INSURANCE PRODUCER MAY, ON BEHALF OF A REAL ESTATE BROKER AND IN**
19 **ACCORDANCE WITH A WRITTEN DISBURSEMENT AUTHORIZATION PROVIDED BY THE**
20 **REAL ESTATE BROKER, PAY COMPENSATION TO:**

21 **(1) AN ASSOCIATE REAL ESTATE BROKER;**

22 **(2) A REAL ESTATE SALESPERSON; OR**

23 **(3) A BUSINESS ENTITY FORMED UNDER § 17-512 OF THIS TITLE.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2022.