

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 568

(Delegate Carey)

Economic Matters

Education, Health, and Environmental Affairs

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

This bill authorizes a licensed title insurance producer to pay compensation for the provision of real estate brokerage services to associate real estate brokers, real estate salespersons, or certain business entities on behalf of a real estate broker during a property settlement.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: During the settlement of property, a licensed title insurance producer may, on behalf of a real estate broker (and in accordance with a written disbursement authorization provided by the real estate broker), pay compensation to (1) an associate real estate broker; (2) a real estate salesperson; or (3) a business entity formed by salespersons and associate brokers.

Current Law:

Denials, Reprimands, Suspensions, Revocations, and Penalties

The Maryland Real Estate Commission is authorized to deny a license to any applicant, reprimand any licensee, or suspend or revoke a license if, among other things, the applicant or licensee for real estate brokerage services provided by an associate real estate broker (or a real estate salesperson) accepts a commission or other valuable consideration from any person other than a real estate broker with whom the associate broker or the salesperson is affiliated. However, any such disciplinary actions may only be taken after the required hearing.

Payment of Compensation

Generally, a real estate broker, an associate real estate broker, or a real estate salesperson may not pay compensation (in any form) for real estate brokerage services to any person who is not properly licensed under provisions of State law governing real estate brokers. However, this requirement does not prohibit the payment of compensation to an individual who is licensed in another state (and meets the relevant requirements under Maryland law) or to specified business entities formed by salespersons and associate real estate brokers.

Small Business Effect: The entities affected by the bill (*i.e.*, title insurance producers, real estate brokers, associate real estate brokers, real estate salespersons, and certain business entities formed by salespersons and associate brokers) may benefit from greater payment flexibility during property settlements.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 425 (Senator Reilly) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of Labor; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2022
rh/mcr Third Reader - March 21, 2022

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510