



Senate Bill 425 – Real Estate Associate Brokers and Salespersons – Compensation – Payment from Title Insurance Companies

Position: Favorable

Maryland REALTORS® supports SB 425 which would allow real estate companies to direct title companies to disburse a brokerage payment to a licensee at the settlement table along with the other disbursements made by the title company.

For over thirty years, some real estate companies arranged with title companies to have the licensee compensation paid at the settlement table. This arrangement allowed agents to receive their “split” with the broker in a timelier manner. The process for disbursing the money was completely administrative. The real estate broker would issue a disbursement authorization to the title company and the title company would simply direct payment to the licensee at the settlement table along with the other disbursements made by the title company. The title company had no discretion to change any of the compensation to the licensee beyond the disbursement authorization.

This past year, the Real Estate Commission was asked about this long-time practice at a meeting and issued an opinion that the practice was not compliant with current law which directs that licensees may not accept a commission from a person other than real estate broker with whom they are affiliated.

However, the payment is not “from” the title company, the title company is simply disbursing it. SB 425 will clarify the statute to permit title companies to transmit these payments if the payment is directed through a written disbursement authorization by a real estate broker.

The Maryland REALTORS® recommends a favorable report.

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