



## **House Bill 1225 – Real Estate Brokers – Disability or Death and Termination of Employment of a Broker**

### **Position: Favorable**

The Maryland REALTORS® represents over 30,000 real estate licensees statewide and strongly supports HB 1225 which seeks to provide real estate companies with additional flexibility when the companies need to replace a real estate broker.

Maryland license law was originally drafted when the vast majority of real estate companies were owned by their real estate brokers. While that is still true for many real estate companies in Maryland, some are not owned by the real estate broker. So, occasionally, a company will need to replace a broker.

This is an important issue because the real estate agents in a firm are only authorized to conduct real estate brokerage under the authority of their broker. As a result, if a real estate broker fails to turn in their license and pocket card to the real estate commission, the real estate commission will still recognize that licensee as the broker of record for that company. An owner of the company has no ability to initiate that change with the Commission.

As a result, if a broker delays submitting the required paperwork, a real estate company, its agents and clients can be left in limbo until the broker is replaced. If the broker is not replaced, agents may need to place their licenses on inactive status and clients may be left with no representation.

HB 1225 changes the law so that when a broker fails to turn in their pocket card and license or the real estate commission cannot verify the death of the broker, a company has a process to make that change with the real estate commission. The bill gives an owner of a company the authority to appoint a new broker when the departing broker fails to surrender his/her license and pocket card. The bill also requires the owner to designate a replacement broker and inform the real estate commission about the reasons for replacing a broker.

While the current process works well most of the time, on the rare occasions when it doesn't, it can be a difficult process for everyone. For that reason, the REALTORS® recommend a favorable report.

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