



DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING
Maryland Real Estate Commission
1100 N. Eutaw Street, 3rd Floor
Baltimore, MD 21201

Date: March 6, 2024
Committee: Economic Matters
Bill Title: Real Estate Brokers-Brokerage Agreements-Requirements
Re: Letter of Support

On behalf of the Maryland Real Estate Commission (the “Commission”), I am writing in support of HB 1239, titled “Real Estate Brokers-Brokerage Agreements-Requirements.” The legislation requires certain provisions to be included in the brokerage agreement between a real estate broker and a seller, lessor, a buyer, or lessee.

The Commission is in favor of the specified changes as described in the legislation. The Commission believes the clarification in the language will benefit all parties involved in the event there is a dispute in compensation. This includes but is not limited to the amount to be compensated as described as the percentage of the purchase price, a specified dollar amount, or combination of both. The legislation further clarifies that the brokerage relationship can be canceled not only by either party but also by mutual agreement of the client and the broker that specifies a definitive termination date as well as the obligations to be paid by all parties involved in the brokerage agreement.

The brokerage agreement is a detailed formal agreement between a real estate broker and a seller, lessor, a buyer, or lessee about the property being sold. The purpose of this agreement is to set the scope of the broker’s duties and the buyer’s obligations. As stated above, should a dispute arise between the parties, this agreement will be the source to understand which duty is in the agreement. For context, failure to pay brokerage commissions is not uncommon in the real estate industry as the buyer is under no obligation to pay compensation to the broker.

The benefit of this legislation is clear communication between buyer/seller and the broker. For these reasons, the Maryland Real Estate Commission respectfully requests a favorable report from the Committee on HB 1239.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Dove, Jr.".

John C. Dove, Jr.
Commissioner
Division of Occupational and Professional Licensing

A handwritten signature in black ink, appearing to read "Raquel Meyers".

Raquel M. Meyers
Executive Director
Maryland Real Estate Commission

raquel.meyers@maryland.gov | 410-230-6227 | www.labor.maryland.gov

WES MOORE, GOVERNOR | ARUNA MILLER, LT. GOVERNOR | PORTIA WU, SECRETARY