Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 366   (Senator Dyson)

Education, Health, and Environmental Affairs   Economic Matters

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Real Estate Brokers - Trust Money - Distribution and Liability

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This bill provides that any action a real estate broker takes to distribute trust money when the owner or beneficial owner fails to complete a real estate transaction for which the money was entrusted is solely at the broker's discretion when following specified notification requirements. The bill also specifies that a real estate broker may not be liable to an owner or beneficial owner of trust money if the broker has made a good faith decision to distribute the trust money or a decision not to distribute the trust money.

Fiscal Summary

State Effect: None. This bill would not affect State finances or operations.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A real estate broker must maintain trust money until: (1) the real estate transaction for which the trust money was entrusted is consummated or terminated; (2) the real estate broker receives proper written instructions from the owner and beneficial owner directing withdrawal or other disposition of the trust money; (3) on an interpleader filed by the real estate broker, a court orders a different disposition; or (4) the owner or beneficial owner of the trust money fails to complete the real estate transaction for which the money was entrusted. A real estate broker who has in good faith distributed trust money may not be liable to an owner or beneficial owner for the distribution of the trust money.

<h1 style="text-align: center;">Additional Information</h1>

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2004
mh/ljm   Revised - Senate Third Reader - March 22, 2004

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