

ENROLLED BILL

-- Economic Matters/Education, Health, and Environmental Affairs --

Introduced by **Delegate Fulton**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Real Estate Brokers - Limited Liability Companies - Payment of**
3 **Commission**

4 FOR the purpose of authorizing certain licensed real estate salespersons and licensed
5 associate real estate brokers ~~to organize and wholly own a limited liability~~
6 ~~company, with the consent of a certain licensed real estate broker, to form a~~
7 ~~certain limited liability company; providing for the formation of a certain limited~~
8 ~~liability company; providing that a certain commission may be paid to the~~
9 ~~limited liability company~~ under certain circumstances; authorizing the payment
10 of a commission for real estate brokerage services to a limited liability company
11 that meets certain requirements; and generally relating to the payment of a
12 commission for real estate brokerage services to limited liability companies.

13 ~~BY adding to~~
14 ~~Article — Business Occupations and Professions~~
15 ~~Section 17-512.1~~
16 ~~Annotated Code of Maryland~~

1 ~~(2004 Replacement Volume and 2004 Supplement)~~

2 BY repealing and reenacting, with amendments,
 3 Article - Business Occupations and Professions
 4 Section 17-512 and 17-604(b)
 5 Annotated Code of Maryland
 6 (2004 Replacement Volume and 2004 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Business Occupations and Professions**

10 ~~17-512.1.~~

11 ~~(A) WITH THE CONSENT OF A LICENSED REAL ESTATE BROKER, ONE OR MORE~~
 12 ~~LICENSED REAL ESTATE SALESPERSONS AND LICENSED ASSOCIATE REAL ESTATE~~
 13 ~~BROKERS WHO ARE AFFILIATED WITH THE LICENSED REAL ESTATE BROKER MAY~~
 14 ~~ORGANIZE AND WHOLLY OWN A LIMITED LIABILITY COMPANY UNDER THE~~
 15 ~~MARYLAND LIMITED LIABILITY COMPANY ACT.~~

16 ~~(B) A LIMITED LIABILITY COMPANY MAY BE ORGANIZED AND OWNED UNDER~~
 17 ~~THIS SECTION BY ANY NUMBER AND ANY COMBINATION OF LICENSED REAL ESTATE~~
 18 ~~SALESPERSONS AND LICENSED ASSOCIATE REAL ESTATE BROKERS PROVIDED THAT~~
 19 ~~EACH SHAREHOLDER IN THE COMPANY IS EITHER A LICENSED REAL ESTATE~~
 20 ~~SALESPERSON OR A LICENSED ASSOCIATE REAL ESTATE BROKER.~~

21 ~~(C) A LICENSED REAL ESTATE SALESPERSON OR A LICENSED ASSOCIATE~~
 22 ~~REAL ESTATE BROKER WHO IS A SHAREHOLDER OF A LIMITED LIABILITY COMPANY~~
 23 ~~MAY DIRECT THAT ANY COMMISSION DUE THE SALESPERSON OR ASSOCIATE~~
 24 ~~BROKER BE PAID TO THE COMPANY.~~

25 17-512.

26 (a) With the consent of a licensed real estate broker, one or more licensed real
 27 estate salespersons and licensed associate real estate brokers who are affiliated with
 28 the licensed real estate broker may:

29 (1) organize and wholly own a professional service corporation under the
 30 Maryland Professional Service Corporation Act; OR

31 (2) FORM A LIMITED LIABILITY COMPANY UNDER THE MARYLAND
 32 LIMITED LIABILITY COMPANY ACT.

33 (b) A professional service corporation may be organized and owned OR A
 34 LIMITED LIABILITY COMPANY MAY BE FORMED under this section by any number and
 35 any combination of licensed real estate salespersons and licensed associate real estate
 36 brokers. However, each shareholder in the corporation OR MEMBER OF THE LIMITED

1 LIABILITY COMPANY shall be either a licensed real estate salesperson or a licensed
2 associate real estate broker.

3 (c) A licensed real estate salesperson or a licensed associate real estate broker
4 who is a shareholder of a professional service corporation OR A MEMBER OF A LIMITED
5 LIABILITY COMPANY may direct that any commission due the salesperson or associate
6 broker be paid to the corporation OR LIMITED LIABILITY COMPANY.

7 17-604.

8 (b) This section does not prohibit the payment of compensation to:

9 (1) an individual:

10 (i) who is licensed in another state; and

11 (ii) who meets the requirements of § 17-513 of this title; [or]

12 (2) a professional service corporation formed under § 17-512 of this title;

13 OR

14 (3) A LIMITED LIABILITY COMPANY FORMED UNDER ~~§ 17-512.4~~ § 17-512
15 OF THIS TITLE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2005.