
By: **Delegate Fulton**
Introduced and read first time: February 2, 2005
Assigned to: Economic Matters

Committee Report: Favorable
House action: Adopted
Read second time: March 8, 2005

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 under certain circumstances; authorizing the payment of a commission
7 for real estate brokerage services to a limited liability company that meets
8 certain requirements; and generally relating to the payment of a commission for
9 real estate brokerage services to limited liability companies.

10 BY adding to
11 Article - Business Occupations and Professions
12 Section 17-512.1
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2004 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article - Business Occupations and Professions
17 Section 17-604(b)
18 Annotated Code of Maryland
19 (2004 Replacement Volume and 2004 Supplement)

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

1

Article - Business Occupations and Professions

2 17-512.1.

3 (A) WITH THE CONSENT OF A LICENSED REAL ESTATE BROKER, ONE OR MORE
4 LICENSED REAL ESTATE SALESPERSONS AND LICENSED ASSOCIATE REAL ESTATE
5 BROKERS WHO ARE AFFILIATED WITH THE LICENSED REAL ESTATE BROKER MAY
6 ORGANIZE AND WHOLLY OWN A LIMITED LIABILITY COMPANY UNDER THE
7 MARYLAND LIMITED LIABILITY COMPANY ACT.

8 (B) A LIMITED LIABILITY COMPANY MAY BE ORGANIZED AND OWNED UNDER
9 THIS SECTION BY ANY NUMBER AND ANY COMBINATION OF LICENSED REAL ESTATE
10 SALESPERSONS AND LICENSED ASSOCIATE REAL ESTATE BROKERS PROVIDED THAT
11 EACH SHAREHOLDER IN THE COMPANY IS EITHER A LICENSED REAL ESTATE
12 SALESPERSON OR A LICENSED ASSOCIATE REAL ESTATE BROKER.

13 (C) A LICENSED REAL ESTATE SALESPERSON OR A LICENSED ASSOCIATE
14 REAL ESTATE BROKER WHO IS A SHAREHOLDER OF A LIMITED LIABILITY COMPANY
15 MAY DIRECT THAT ANY COMMISSION DUE THE SALESPERSON OR ASSOCIATE
16 BROKER BE PAID TO THE COMPANY.

17 17-604.

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

19 (1) an individual:

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

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

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

23 OR

24 (3) A LIMITED LIABILITY COMPANY FORMED UNDER § 17-512.1 OF THIS
25 TITLE.

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