

HOUSE BILL 1028

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5lr2456
CF SB 203

By: **Delegates Branch, Barkley, Glenn, Lisanti, W. Miller, Waldstreicher, and C. Wilson**

Introduced and read first time: February 13, 2015

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business Occupations and Professions – Real Estate Salespersons and Brokers –**
3 **Formation of Business Entities and Payment of Commissions**

4 FOR the purpose of authorizing certain licensed real estate salespersons and licensed
5 associate real estate brokers, with the consent of a certain licensed real estate broker,
6 to form a certain business entity; providing for the formation of a certain business
7 entity; authorizing payment of a certain commission to a certain business entity
8 under certain circumstances; authorizing payment of compensation for the provision
9 of real estate brokerage services to a certain business entity under certain
10 circumstances; and generally relating to real estate salespersons and brokers and
11 the formation of business entities and payment of commissions.

12 BY repealing and reenacting, with amendments,
13 Article – Business Occupations and Professions
14 Section 17–512 and 17–604
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2014 Supplement)

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

19 **Article – Business Occupations and Professions**

20 17–512.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) organize and wholly own a professional service corporation under the
2 Maryland Professional Service Corporation Act; [or]

3 (2) form a limited liability company under the Maryland Limited Liability
4 Company Act; **OR**

5 **(3) FORM ANY OTHER BUSINESS ENTITY AUTHORIZED UNDER**
6 **MARYLAND LAW.**

7 (b) A professional service corporation may be organized and owned or a limited
8 liability company **OR OTHER BUSINESS ENTITY** may be formed under this section by any
9 number and any combination of licensed real estate salespersons and licensed associate
10 real estate brokers. However, each shareholder in the corporation [or], member of the
11 limited liability company, **OR OWNER OF ANY OTHER BUSINESS ENTITY** shall be either
12 a licensed real estate salesperson or a licensed associate real estate broker.

13 (c) A licensed real estate salesperson or a licensed associate real estate broker
14 who is a shareholder of a professional service corporation [or], a member of a limited
15 liability company, **OR THE OWNER OF ANY OTHER BUSINESS ENTITY** may direct that
16 any commission due the salesperson or associate broker be paid to the corporation [or],
17 limited liability company, **OR OTHER BUSINESS ENTITY.**

18 17-604.

19 (a) Except as provided in subsection (b) of this section, a real estate broker, an
20 associate real estate broker, or a real estate salesperson may not pay compensation, in any
21 form, for the provision of real estate brokerage services to any person who is not licensed
22 under this title.

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

24 (1) an individual:

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

26 (ii) who meets the requirements of § 17-513 of this title;

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

28 [or]

29 (3) a limited liability company formed under § 17-512 of this title; **OR**

30 **(4) A BUSINESS ENTITY FORMED UNDER § 17-512 OF THIS TITLE.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2015.