

# SENATE BILL 203

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5lr1706  
CF HB 1028

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By: **Senator Conway**

Introduced and read first time: February 2, 2015

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 3, 2015

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## CHAPTER \_\_\_\_\_

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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

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

8 **(3) FORM ANY OTHER BUSINESS ENTITY AUTHORIZED UNDER**  
9 **MARYLAND LAW.**

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

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

21 17-604.

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

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

27 (1) an individual:

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

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

30 (2) a professional service corporation formed under § 17-512 of this title;  
31 **[or]**

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

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.