SENATE BILL 425

By: Senator Reilly
Introduced and read first time: January 26, 2022
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 Real Estate Associate Brokers and Salespersons – Compensation – Payment
   From Title Insurance Producer

3 FOR the purpose of authorizing a certain title insurance producer to pay compensation for
   the provision of real estate brokerage services to associate real estate brokers, real
   estate salespersons, or certain business entities on behalf of a real estate broker
   under certain circumstances; and generally relating to compensation for real estate
   brokerage services.

4 BY repealing and reenacting, with amendments,

5 Article – Business Occupations and Professions

6 Section 17–322(b)(21) and 17–604

7 Annotated Code of Maryland

8 (2018 Replacement Volume and 2021 Supplement)

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

Article – Business Occupations and Professions

17–322.

(b) Subject to the hearing provisions of § 17–324 of this subtitle, the Commission
may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license
if the applicant or licensee:

(21) EXCEPT AS PROVIDED UNDER § 17–604 OF THIS TITLE, for real
estate brokerage services provided by an associate real estate broker or a real estate
salesperson, accepts a commission or other valuable consideration from any person other
than a real estate broker with whom the associate broker or the salesperson is affiliated;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
 Except as provided in subsection (b) of this section, a real estate broker, an associate real estate broker, or a real estate salesperson may not pay compensation, in any form, for the provision of real estate brokerage services to any person who is not licensed under this title.

(b) [This] **SUBSECTION (A) OF THIS** section does not prohibit the payment of compensation to:

1. an individual:
   (i) who is licensed in another state; and
   (ii) who meets the requirements of § 17–513 of this title;
2. a professional service corporation formed under § 17–512 of this title;
3. a limited liability company formed under § 17–512 of this title; [or]
4. a business entity formed under § 17–512 of this title;

5. A TITLE INSURANCE PRODUCER LICENSED UNDER TITLE 10 OF THE INSURANCE ARTICLE ACTING IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

(C) **DURING THE SETTLEMENT OF PROPERTY, A LICENSED TITLE INSURANCE PRODUCER MAY, ON BEHALF OF A REAL ESTATE BROKER AND IN ACCORDANCE WITH A WRITTEN DISBURSEMENT AUTHORIZATION PROVIDED BY THE REAL ESTATE BROKER, PAY COMPENSATION TO:**

1. AN ASSOCIATE REAL ESTATE BROKER;
2. A REAL ESTATE SALESPERSON; OR
3. A BUSINESS ENTITY FORMED UNDER § 17–512 OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.