

Chapter 359

(Senate Bill 542)

AN ACT concerning

Real Estate Brokers – Brokerage Agreements – Requirements

FOR the purpose of requiring certain provisions to be included in a brokerage agreement between a real estate broker and a seller or lessor or a buyer or lessee; and generally relating to real estate brokerage agreements.

BY repealing and reenacting, with amendments,
Article – Business Occupations and Professions
Section 17–534
Annotated Code of Maryland
(2018 Replacement Volume and 2023 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

17–534.

(a) A brokerage relationship commences at the time that a client enters into a brokerage agreement and shall continue until:

(1) the completion of performance in accordance with the brokerage agreement; or

(2) the earlier of:

(i) any date of expiration as agreed on by the parties in the brokerage agreement or in any amendments to the brokerage agreement;

(ii) any mutually agreed on termination of the brokerage relationship;

(iii) a default by any party under the terms of the brokerage agreement; or

(iv) a termination under § 17–530 of this subtitle.

(b) The brokerage agreement **BETWEEN A BROKER AND A SELLER OR LESSOR** shall:

- (1) have a definite termination date that is effective automatically without notice from the client;
- (2) state the amount of compensation to be paid to the broker [and whether the broker is authorized to receive the compensation from a person other than the client];
- (3) state whether the broker is authorized to cooperate with other brokers and share compensation with the other brokers and the amount of the compensation **DESCRIBED AS A PERCENTAGE OF THE PURCHASE PRICE, A SPECIFIC DOLLAR AMOUNT, OR A COMBINATION OF BOTH;**
- (4) explain the events or conditions that will entitle the broker to a commission or other compensation; and
- (5) contain a provision for the cancellation of the brokerage relationship by either the client or the broker **OR BY MUTUAL AGREEMENT OF THE CLIENT AND THE BROKER.**

(C) THE BROKERAGE AGREEMENT BETWEEN A BROKER AND A BUYER OR LESSEE SHALL:

- (1) HAVE A DEFINITE TERMINATION DATE THAT IS EFFECTIVE AUTOMATICALLY WITHOUT NOTICE FROM THE CLIENT;**
- (2) STATE THE AMOUNT OF COMPENSATION TO BE PAID TO THE BROKER, DESCRIBED AS A PERCENTAGE OF THE PURCHASE PRICE, A SPECIFIC DOLLAR AMOUNT, OR A COMBINATION OF BOTH;**
- (3) STATE WHETHER THE BROKER IS AUTHORIZED TO RECEIVE SOME OR ALL OF THE COMPENSATION TO BE PAID TO THE BROKER FROM A PERSON OTHER THAN THE CLIENT;**
- (4) STATE THE CLIENT'S RIGHTS AND OBLIGATIONS REGARDING THE COMPENSATION TO BE PAID TO THE BROKER IF THE BROKER IS AUTHORIZED TO RECEIVE SOME OR ALL OF THE COMPENSATION TO BE PAID TO THE BROKER FROM A PERSON OTHER THAN THE CLIENT;**
- (5) EXPLAIN THE EVENTS THAT MUST OCCUR OR CONDITIONS THAT MUST BE MET IN ORDER FOR THE BROKER TO BE ENTITLED TO A COMMISSION OR OTHER COMPENSATION; AND**

(6) CONTAIN A PROVISION FOR THE CANCELLATION OF THE BROKERAGE RELATIONSHIP BY EITHER THE CLIENT OR THE BROKER OR BY MUTUAL AGREEMENT OF THE CLIENT AND THE BROKER.

[(c)] (D) Except as otherwise provided in the brokerage agreement, a licensee shall have no further duties or obligations to a client after the termination, expiration, or completion of performance of the brokerage relationship, except to:

(1) account for all trust money in the licensee's possession in accordance with this title; and

(2) except as otherwise provided by this title or another law, keep confidential all personal and financial information received from the client during the course of the brokerage relationship and any other information that the client requests during the brokerage relationship to be kept confidential, unless:

(i) the client consents in writing to the disclosure of the information;

or

(ii) the information becomes public from a source other than the licensee.

[(d)] (E) The payment or promise of payment of compensation to a licensed real estate broker by a seller, lessor, buyer, or lessee, or by a licensee acting for a seller, lessor, buyer, or lessee:

(1) is not determinative of whether a brokerage relationship has been created or exists; and

(2) does not create or determine the existence of a brokerage relationship between a broker and a seller, lessor, buyer, lessee, or licensee.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved by the Governor, April 25, 2024.