

HOUSE BILL 1239

C3

4lr2523

By: **Delegate Boaf**

Introduced and read first time: February 8, 2024

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2024

CHAPTER _____

1 AN ACT concerning

2 **Real Estate Brokers – Brokerage Agreements – Requirements**

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

6 BY repealing and reenacting, with amendments,
7 Article – Business Occupations and Professions
8 Section 17–534
9 Annotated Code of Maryland
10 (2018 Replacement Volume and 2023 Supplement)

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

13 **Article – Business Occupations and Professions**

14 17–534.

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

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

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 (2) the earlier of:

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

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

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

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

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

11 (1) have a definite termination date that is effective automatically without
12 notice from the client;

13 (2) state the amount of compensation to be paid to the broker [and whether
14 the broker is authorized to receive the compensation from a person other than the client];

15 (3) state whether the broker is authorized to cooperate with other brokers
16 and share compensation with the other brokers and the amount of the compensation
17 **DESCRIBED AS A PERCENTAGE OF THE PURCHASE PRICE, A SPECIFIC DOLLAR**
18 **AMOUNT, OR A COMBINATION OF BOTH;**

19 (4) explain the events or conditions that will entitle the broker to a
20 commission or other compensation; and

21 (5) contain a provision for the cancellation of the brokerage relationship by
22 either the client or the broker **OR BY MUTUAL AGREEMENT OF THE CLIENT AND THE**
23 **BROKER.**

24 (c) **THE BROKERAGE AGREEMENT BETWEEN A BROKER AND A BUYER OR**
25 **LESSEE SHALL:**

26 (1) **HAVE A DEFINITE TERMINATION DATE THAT IS EFFECTIVE**
27 **AUTOMATICALLY WITHOUT NOTICE FROM THE CLIENT;**

28 (2) **STATE THE AMOUNT OF COMPENSATION TO BE PAID TO THE**
29 **BROKER, DESCRIBED AS A PERCENTAGE OF THE PURCHASE PRICE, A SPECIFIC**
30 **DOLLAR AMOUNT, OR A COMBINATION OF BOTH;**

1 **(3) STATE WHETHER THE BROKER IS AUTHORIZED TO RECEIVE SOME**
2 **OR ALL OF THE COMPENSATION TO BE PAID TO THE BROKER FROM A PERSON OTHER**
3 **THAN THE CLIENT;**

4 **(4) STATE THE CLIENT'S RIGHTS AND OBLIGATIONS REGARDING THE**
5 **COMPENSATION TO BE PAID TO THE BROKER IF THE BROKER IS AUTHORIZED TO**
6 **RECEIVE SOME OR ALL OF THE COMPENSATION TO BE PAID TO THE BROKER FROM A**
7 **PERSON OTHER THAN THE CLIENT;**

8 **(5) EXPLAIN THE EVENTS THAT MUST OCCUR OR CONDITIONS THAT**
9 **MUST BE MET IN ORDER FOR THE BROKER TO BE ENTITLED TO A COMMISSION OR**
10 **OTHER COMPENSATION; AND**

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

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

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

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

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.