



Senate Bill 542 – Real Estate Brokers – Brokerage Agreements - Requirements

Position: Support

Maryland REALTORS® supports the Senate Bill 542, to make clarifying amendments to the Maryland Real Estate Brokerage Act concerning brokerage compensation.

Maryland has required the use of written buyer brokerage agreements since 2016. The Business and Professions Article §17-534 outlines the requirements for brokerage agreements between real estate brokers and their buyer and seller clients. Those requirements include a statement of the compensation that the real estate brokerage will receive, whether that broker can receive compensation from someone other than the client, and what actions entitle that brokerage to compensation.

Unfortunately, in practice, not every brokerage agreement details compensation in a way that is clear and unambiguous to the client. For instance, compensation may be described in general terms, or may simply indicate that compensation for a buyers' brokerage will be sought from the listing brokerage. Those practices are no longer acceptable in today's market.

The provisions of SB 542 will require specificity from both buyer and listing brokerages. It mandates that compensation be listed as a dollar amount, a percentage, or a combination of those measures. It also requires the brokerage to disclose what fees will be due if the amount of compensation outlined in the brokerage agreement differs from the amount offered by a cooperating broker.

Through these changes, we will enhance consumer transparency for brokerage compensation during real estate transactions. For these reasons, Maryland REALTORS® asks for a favorable vote on SB 542.

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