

SB542_Brooks.pdf

Uploaded by: Benjamin Brooks

Position: FAV

BENJAMIN BROOKS
Legislative District 10
Baltimore County

Education, Energy, and the
Environment Committee
Energy Subcommittee

Chair, Joint Electric Universal
Service Program Workgroup



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TESTIMONY IN SUPPORT OF SB542
Real Estate Brokers – Brokerage Agreements - Requirements

Education, Energy, and the Environment Committee
February 8, 2024

Chair Feldman, Vice-Chair Kagan, and Members of the Committee,

Thank you for the opportunity to testify before you on SB542, Real Estate Brokers - Brokerage Agreements - Requirements. The purpose of this bill is to make clarifying amendments to the Maryland Real Estate Brokerage Act concerning compensation paid to the buyer and seller representatives.

SB542 provides clear provisions that ensure all parties have a better understanding of brokerage compensation from the beginning. The bill identifies the rights and responsibilities of everyone involved, particularly highlighting any situations where the broker obtains compensation to avoid any confusion or conflicts.

Maryland is ahead of many states when it comes to requiring that agreements with homebuyers be in writing, and outlining in statute that those agreements include a description of the compensation paid to the brokerage. Based upon practices that are seen in the marketplace, there is an opportunity to add more transparency so that consumers understand what is owed to the real estate brokers.

By introducing detailed guidelines, SB542 aims to make real estate dealings more transparent, fair, and understandable for everyone involved. It recognizes the unique challenges and possible conflicts that can arise and provides clear parameters to navigate them. This bill is about ensuring that whether you're buying or selling a property, you have a trusted and fair partnership with your real estate broker.

For these reasons, I am requesting a favorable report on SB542.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks

SB 542 -Compensation - FAV - REALTORS.pdf

Uploaded by: Lisa May

Position: FAV



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.

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.

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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