

## **NEW RULES TO TAKE EFFECT FOR TEAMS AND GROUPS**

*By: Alvin C. Monshower, Jr., Esq.  
Monshower, Miller & Magrogan, LLP*

During the 2010 Session of the Maryland General Assembly, the Legislature enacted House Bill 406, which will impose numerous rules and regulations applicable to the operation of teams and groups within a real estate brokerage office. Governor O'Malley has signed House Bill 406 and the provisions of House Bill 406 will take effect on October 1, 2010.

### **SYNOPSIS OF NEW LAW**

“Team” means two or more licensed associate real estate brokers or licensed real estate salespersons, or any combination of licensed associate real estate brokers or licensed real estate salespersons, who:

- (1) work together on a regular basis to provide real estate brokerage services;
- (2) represent themselves to the public as being part of one entity; and
- (3) designate themselves by a collective name, such as team or group.

Each team shall designate a team leader who shall be:

- (1) a licensed associate real estate broker; or
- (2) a licensed real estate salesperson who has at least three (3) years of experience in providing real estate brokerage services.

The team leader shall:

- (1) maintain a current list of all members and employees of the team; and
- (2) provide the list and any revisions of the list to the broker or the branch office manager of the brokerage with which the licensees are affiliated.

The real estate broker or branch office manager of a real estate broker shall:

- (1) maintain copies of the lists; and
- (2) make the copies available to the Commission on request.

The team leader shall exercise reasonable and adequate supervision over the provision of real estate brokerage services by members of the team.

The responsibility of the team leader to supervise the associate real estate brokers and real estate salespersons on the team shall be in addition to the supervision

responsibilities of the real estate broker and branch office manager of the real estate broker.

The team leader and the members of the team shall adhere to all office rules, practices, and procedures established by the real estate broker and the branch office manager of the real estate broker.

A real estate broker may designate two members of a team as intra-company agents for the seller and the buyer in the same transaction if the parties have first been advised in writing that the licensees are part of the same team and the team could have a financial interest in the outcome of the transaction.

The name of the team may not contain the terms “real estate,” “real estate brokerage,” or any other term that would lead the public to believe that the team is offering real estate brokerage services independent of the real estate broker.

All advertising by the team must contain:

- (1) the name of the brokerage displayed in a meaningful and conspicuous way;
- (2) the name of at least one of the licensee members of the team; and
- (3) the telephone number of the real estate broker or branch office manager of the real estate broker.

The team name in the advertisement must be directly connected to the name of the brokerage.

Finally, team members must conduct all real estate brokerage activities from the office or branch office where their licenses are displayed.

### **ITEMS TO BE COMPLETED BY OCTOBER 1, 2010 TO COMPLY WITH NEW LAW**

On or before October 1, 2010 the following action items should be completed by brokers/office managers and team and group leaders:

- Each team or group shall designate, in writing, the team leader and notify the broker/office manager of the designated team leader. Should the team leader change in the future, written notice to the broker/office manager will be required.
- Each team or group leader shall prepare a list of all current members and employees of the team or group and provide a copy of such list to the broker/office manager with which the licensees are affiliated. As team

members depart the team or group or are added to the team or group, the team leader must revise the list and provide an updated copy to the broker/office manager.

- The company's Listing Agreement and Buyer Agency Agreement should be revised to notify the seller and the buyer, where the team or group members are acting as intra-company agents, that the licensees are part of the same team or group and that the team or group will have a financial interest in the outcome of the transaction.
- Brokers/office managers should review the name of all current teams or groups to ensure that the team or group name does not contain the terms "real estate," "real estate brokerage," or any other term which could lead the public to believe that the team is operating independent of the broker in the provision of real estate brokerage services.
- All advertisements placed by a team or group should be reviewed under current law by the broker/office manager, or designee of the broker/office manager, to ensure the advertising as placed by a team or group member complies with the provisions of the new law as set forth above.
- The broker/office manager should confirm that all activities by the team or group are being conducted in a duly registered office or branch office of the company and not an independent operation at some other location.

A copy of this article should be provided to all team and group leaders and team members and employees, and each should sign an acknowledgment of their receipt of this article. New team and group members in the future should do the same.

The requirements of the new law will have a substantial impact upon the operation of teams and groups and, more importantly, will impose upon the team or group leader the same duty of supervision as presently required for a broker or branch office manager.

*(By Alvin C. Monshower, Jr., Monshower, Miller & Magrogan, LLP, general legal counsel for the Maryland Association of REALTORS®, Inc. This article is intended to be a general discussion of the topic. As with all legal matters, the reader should consult with competent legal counsel regarding any actual situations or questions.)*