



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
LT GOVERNOR

April 10, 2024

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 2394, an Act relating to the wholesaling of residential property by a wholesaler, and providing civil penalties.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds".

Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



House File 2394

AN ACT
RELATING TO THE WHOLESALING OF RESIDENTIAL PROPERTY BY A
WHOLESALER, AND PROVIDING CIVIL PENALTIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 543B.6A Wholesaling of residential property.

1. As used in this section:

a. "Residential property" means real property that includes no less than one but no more than four dwelling units.

b. "Wholesaler" means a licensee, or a person represented by a licensee, who holds an equitable interest, but not legal title, in a residential property for the purpose of selling the equitable interest to a buyer.

c. "Wholesaling" means the practice of a wholesaler entering into an assignable contract with an owner of residential property for the purpose of marketing and selling the equitable interest of the residential property to another person.

2. A person must be licensed as a real estate broker under this chapter, or be represented by a real estate broker licensed under this chapter, to engage in wholesaling.

3. a. A wholesaler shall disclose all of the following information in writing to all parties to a wholesale transaction prior to executing a contract to purchase or to convey an equitable interest to a buyer or other entity:

(1) The legal identities of all parties to the wholesale transaction.

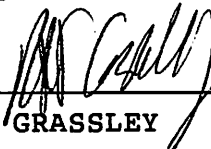
(2) An explanation of the wholesaling process, including but not limited to disclosure that the wholesaler holds an equitable interest in the residential property that is the subject of the transaction and may not be able to convey title to the property.

b. A wholesaler shall provide a copy of an executed agency agreement to all parties to a wholesale transaction prior to executing a contract to purchase or convey an equitable interest to a buyer or other entity.


c. Notwithstanding provisions to the contrary contained in a contract executed pursuant to this subsection, if a wholesaler fails to comply with the disclosure requirement under paragraph "a", the seller or the buyer may cancel the contract at any time prior to the closing of the sale of the residential property without penalty, and may retain any earnest money paid by the wholesaler.

4. An individual engaged in wholesaling in violation of this section shall be subject to a civil penalty of up to the greater of ten thousand dollars, or ten percent of the sale price of each residential property for which the individual engaged in wholesaling in violation of this section.

5. The real estate commission shall adopt rules pursuant to chapter 17A necessary to implement and administer this section.




PAT GRASSLEY
Speaker of the House



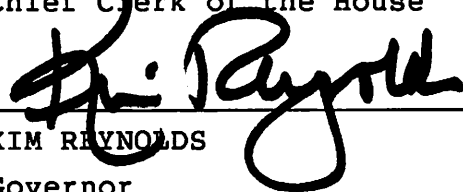
AMY SINCLAIR
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2394, Ninetieth General Assembly.



MEGHAN NELSON
Chief Clerk of the House

Approved April 10th, 2024



KIM REYNOLDS
Governor