

543B.56 Duties of licensees.

1. *Duties to all parties in a transaction.* In providing brokerage services to all parties to a transaction, a licensee shall do all of the following:

- a. Provide brokerage services to all parties to the transaction honestly and in good faith.
- b. Diligently exercise reasonable skill and care in providing brokerage services to all parties.
- c. Disclose to each party all material adverse facts that the licensee knows except for the following:
 - (1) Material adverse facts known by the party.
 - (2) Material adverse facts the party could discover through a reasonably diligent inspection, and which would be discovered by a reasonably prudent person under like or similar circumstances.
 - (3) Material adverse facts the disclosure of which is prohibited by law.
 - (4) Material adverse facts that are known to a person who conducts an inspection on behalf of the party.
- d. Account for all property coming into the possession of a licensee that belongs to any party within a reasonable time of receiving the property.

2. *Duties to a client.* In addition to the licensee's duties under subsection 1, a licensee providing brokerage services to a client shall do all of the following:

- a. Place the client's interests ahead of the interests of any other party, unless loyalty to a client violates the licensee's duties under subsection 1, section 543B.58, or under other applicable law.
- b. Disclose to the client all information known by the licensee that is material to the transaction and that is not known by the client or could not be discovered by the client through a reasonably diligent inspection.
- c. Fulfill any obligation that is within the scope of the agency agreement, except those obligations that are inconsistent with other duties that the licensee has under this chapter or any other law.
- d. Disclose to a client any financial interests the licensee or the brokerage has in any business entity to which the licensee or brokerage refers a client for any service or product related to the transaction.

3. *Prohibited conduct.* In providing brokerage services, a licensee shall not do either of the following:

- a. Accept a fee or compensation related to a transaction from a person other than the licensee's client, unless the licensee has provided written notice to all parties to the transaction that a fee or compensation will be accepted by the licensee from such person.
- b. Act in a transaction on the licensee's own behalf, on behalf of the licensee's immediate family or brokerage, or on behalf of an organization or business entity in which the licensee has an interest, unless the licensee has provided written disclosure of the interest to all parties to the transaction.

95 Acts, ch 17, §2; 96 Acts, ch 1054, §2