

CHAPTER 8
CLOSING A REAL ESTATE BUSINESS

193E—8.1(543B) Closing a real estate firm. The following steps are required for the voluntary closing of a real estate brokerage firm. The individual broker or the designated broker shall:

8.1(1) Notify the commission in writing upon closing the firm. The following information may be included:

- a. The date the firm closed or will close;
- b. The location where records and files will be stored for a minimum of five years; and
- c. The name, address, and telephone number of the custodian who will be storing the records and files;

8.1(2) Notify all licensees associated with the firm in writing of the effective date of the closing. The former affiliated broker shall make every reasonable effort to return the licenses of any licensees associated with the firm at the time of closing to the commission within the required 72 hours, with written notice that the firm is closed;

8.1(3) Notify all listing and management clients as well as parties and cobrokers to existing contracts, in writing, advising of the date the firm will close. All listing and management clients must be advised in writing that they may enter into a new listing or management agreement with the broker of their choice;

8.1(4) Remove all advertising signs from all properties that were listed with or managed by the firm. Arrange to cancel all advertising in the name of the firm, including office signs, Internet, and telephone listing advertisements;

8.1(5) Maintain all escrow or trust accounts until all moneys are transferred to the lending institution, an escrow company or an attorney for closing of the transaction, or are otherwise properly disbursed as agreed to in writing by the parties having an interest in the funds; and

8.1(6) Arrange for pending contracts to be closed by a lending institution, an escrow company or an attorney. In the case of a sale, transfer or merger of an existing brokerage, the acquiring broker may close the pending transactions acquired from the selling broker after having first obtained the express written consent of all parties to the transactions. The broker shall notify all parties involved in pending transactions as to the name, address, and telephone number of the closing agent.

193E—8.2(543B) Involuntary closing of a sole-proprietor brokerage. Upon the death or disability of a sole-proprietor broker in which the affairs of the broker cannot be carried on, the following steps are required for closing the real estate brokerage business:

8.2(1) All licensees associated with the broker must cease all brokerage activity until their licenses have been transferred to another broker;

8.2(2) The executor or legal representative of the broker's estate, if an attorney or a broker, may conclude pending business; and

8.2(3) The administrator or executor of the broker's estate or the legal representative of the broker may follow the procedures established in rule 193E—8.1(543B) for voluntary closing.

193E—8.3(543B) Involuntary closing of a corporation, partnership, or association brokerage firm.

8.3(1) In the event of an involuntary closing of a brokerage firm as a result of the death or incapacity of one or more of the licensed broker officers, broker partners or broker associates of a real estate corporation, partnership or association in which the affairs of the broker, partnership, corporation or association cannot be carried on, the following steps are required for closing the real estate brokerage business:

a. All licensees associated with the firm must cease all brokerage activity until their licenses have been transferred to another broker;

b. The executor of the broker's estate, if an attorney, or the legal representative of the firm may conclude pending business; and

c. The administrator or executor of the broker's estate or the legal representative of the broker may follow the procedures established in rule 193E—8.1(543B) for voluntary closing.

8.3(2) In the event of the death or incapacity of a designated broker for a firm, the affairs of the firm may be carried on by naming a new designated broker. The commission must be notified of the change within 72 hours.

These rules are intended to implement Iowa Code chapters 17A, 272C and 543B.

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