

481—2011.1(543B) Brokerage agreements. All brokerage agreements will be in writing, including the amount of compensation to be paid with disclosure that states compensation is negotiable and not set by law, the signatures of all parties concerned and a definite expiration date not to exceed one calendar year in length from the effective date, for residential properties. An exclusive brokerage agreement or exclusive right to sell agreement clearly indicates that it is such an agreement. A legible copy of every written brokerage agreement or other written authorization is given to the client by a licensee as soon as the signature of the client is obtained.

1. A listing agreement should properly identify the property and contain the terms and conditions under which the property is to be sold, including but not limited to the list price and any compensation to be earned from the sale of the property.

2. A buyer representation agreement is required for all residential properties. Open houses, auctions, and commercial properties are exempt from usage of a buyer representation agreement.

2011.1(1) A licensee cannot solicit or enter into a brokerage agreement with a buyer or seller if the licensee knows or has reason to know that the buyer or seller has a written unexpired exclusive brokerage agreement or exclusive right to sell listing agreement to the property with another broker unless the buyer or seller initiates the discussion and the licensee has not directly or indirectly solicited the brokerage agreement.

a. However, if the buyer or seller initiates the discussion, the licensee may negotiate and enter into a brokerage agreement that will take effect after the expiration of the current brokerage agreement.

b. If the buyer or seller initiates the discussion, the licensee may inform the buyer or seller that the buyer or seller needs to allow the current brokerage agreement to expire or obtain a mutually acceptable cancellation from the broker before any further discussion can take place.

2011.1(2) A real estate licensee cannot negotiate a sale, exchange, or lease of real property directly with a seller if it is known that the seller has a written unexpired contract in connection with the property that grants an exclusive right to sell to another broker.

2011.1(3) A real estate licensee cannot negotiate a sale, purchase, exchange, or lease of real property directly with a buyer or seller if it is known that the buyer or seller has a written unexpired exclusive brokerage agreement with another broker.

2011.1(4) All brokerage agreements are written and cannot be assigned, sold, or otherwise transferred to another broker without the express written consent of all parties to the original agreement, unless the terms of the agreement state otherwise. Upon termination of association or employment with the principal broker, the affiliated broker associate or salesperson cannot solicit, take, or use any written brokerage agreements secured during the association or employment. Said brokerage agreements remain the property of the principal broker and may be canceled only by the broker and the client.

2011.1(5) Net listing barred. No licensee makes or enters into a net listing agreement for the sale of real property or any interest in real property. A net listing agreement is an agreement that specifies a net sale price to be received by the owner with the excess over that price to be received by the broker as compensation. The taking of a net listing is unprofessional conduct and constitutes a violation of Iowa Code sections 543B.29(3) and 543B.34(8).

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