

Senate File 2291 - Enrolled

Senate File 2291

AN ACT

RELATING TO REAL ESTATE BROKERS AND BROKERAGE AGREEMENTS.

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

Section 1. Section 543B.3, subsection 9, Code 2024, is amended to read as follows:

9. Prepares offers to purchase or purchase agreements, listing contracts, buyer's representation agreements, agency disclosures, real property residential and agricultural rental agreements, real property commercial rental agreements of one year or less, and groundwater hazard statements, including any modifications, amendments, or addendums to these specific documents.

Sec. 2. Section 543B.5, subsections 2, 7, 9, and 10, Code 2024, are amended to read as follows:

2. ~~"Agency agreement"~~ "Agency disclosure" means a written ~~agreement~~ disclosure between a broker and a client which identifies the party the broker represents in a transaction.

7. "Brokerage agreement" means a contract between a broker and a client which establishes the relationship between the parties as to, and the broker's compensation for, the brokerage services to be performed and contains the provisions required in [section 543B.56A](#).

9. "Client" means a party to a transaction who has ~~an agency~~ a brokerage agreement with a broker for brokerage services.

10. "*Customer*" means a consumer who is not being represented by a licensee under a brokerage agreement but for whom the licensee may perform ministerial acts.

Sec. 3. Section 543B.5, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 8A. "*Buyer's representation agreement*" means a brokerage agreement between a prospective buyer and a broker.

Sec. 4. Section 543B.56, subsection 1, Code 2024, is amended to read as follows:

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

~~a. Provide brokerage services to~~ Treat all parties to the a transaction ~~honestly and in~~ with honesty and good faith.

~~b. Diligently exercise reasonable skill and care in providing brokerage services to all parties.~~

~~c.~~ b. 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.~~ c. Account for all property coming into the possession of a licensee that belongs to any party within a reasonable time of receiving the property.

Sec. 5. Section 543B.56, subsection 2, paragraph c, Code 2024, is amended to read as follows:

c. Fulfill any obligation that is within the scope of the agency brokerage agreement, except those obligations that are inconsistent with other duties that the licensee has under this chapter or any other law.

Sec. 6. Section 543B.56, subsection 2, Code 2024, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Diligently exercise reasonable skill and care in providing brokerage services.

Sec. 7. Section 543B.56A, subsection 2, Code 2024, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Review the broker's compensation under the brokerage agreement.

Sec. 8. Section 543B.56A, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 3. A brokerage agreement must be signed by both the broker and the client prior to the broker listing any property for sale on behalf of a seller, or making an offer on a property on behalf of a buyer.

Sec. 9. Section 543B.60, Code 2024, is amended to read as follows:

543B.60 Licensees providing services in more than one transaction.

A licensee may provide brokerage services simultaneously to more than one party in different transactions unless the licensee agrees with a client that the licensee is to provide brokerage services only to that client. If the licensee and a client agree that the licensee is to provide brokerage services only to that client, the agency agreement disclosure required under [section 543B.57, subsection 1](#), shall contain a statement of that agreement.

AMY SINCLAIR
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2291, Ninetieth General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2024

KIM REYNOLDS
Governor