

FEB 22 1939

HOUSE FILE 380

BY BISIGNANO

SMALL BUSINESS AND COMMERCE
DP 453 3-7-89 (p. 681)

(COMPANION TO SF 208

BY GRONSTAL)

Passed House, Date 3-15-89 (p. 801) Passed Senate, Date 4-10-89 (p. 1382)

Vote: Ayes 94 Nays 0 Vote: Ayes 48 Nays 0

Approved 4-18-89 (p. 1088)

A BILL FOR

1 An Act relating to real estate practices, permitting certain
2 activities to be conducted through a corporation owned by a
3 real estate broker associate or salesperson, and providing
4 properly related matters.

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

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HF 380

1 Section 1. Section 117.34, subsections 5 and 9, Code 1989,
2 are amended to read as follows:

3 5. Accepting a commission or valuable consideration as a
4 real estate broker associate or salesperson for the
5 performance of any of the acts specified in this chapter, from
6 any person, except the broker associate's or salesperson's
7 employer, who must be a licensed real estate broker. However,
8 a broker associate or salesperson may, without violating this
9 subsection, accept a commission or valuable consideration from
10 a corporation which is wholly owned, or owned with a spouse,
11 by the broker associate or salesperson if the conditions
12 described in subsection 9 are met.

13 9. Paying a commission or any part of a commission for
14 performing any of the acts specified in this chapter to any a
15 person who is not a licensed broker or salesperson under this
16 chapter or who is not engaged in the real estate business in
17 another state. However, a broker may pay a commission to a
18 corporation which is wholly owned, or owned with a spouse, by
19 a salesperson or broker associate employed by or otherwise
20 associated with the broker, if all of the following conditions
21 are met:

22 a. The corporation does not engage in real estate
23 transactions as a third-party agent or in any other activity
24 requiring a license under this chapter.

25 b. The employing broker is not relieved of any obligation
26 to supervise the employed licensee or any other requirement of
27 this chapter or the rules adopted pursuant to this chapter.

28 c. The employed broker associate or salesperson is not
29 relieved from any personal civil liability for any licensed
30 activities by interposing the corporate form.

31 EXPLANATION

32 This bill allows real estate brokers to pay commissions of
33 a broker associate or salesperson through a corporation which
34 is wholly owned, or owned with a spouse, by the broker
35 associate or salesperson.

HOUSE FILE 380

AN ACT

RELATING TO REAL ESTATE PRACTICES, PERMITTING CERTAIN
ACTIVITIES TO BE CONDUCTED THROUGH A CORPORATION OWNED
BY A REAL ESTATE BROKER ASSOCIATE OR SALESPERSON, AND
PROVIDING PROPERLY RELATED MATTERS.

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

Section 1. Section 117.34, subsections 5 and 9, Code 1989,
are amended to read as follows:

5. Accepting a commission or valuable consideration as a
real estate broker associate or salesperson for the
performance of any of the acts specified in this chapter, from
any person, except the broker associate's or salesperson's
employer, who must be a licensed real estate broker. However,
a broker associate or salesperson may, without violating this
subsection, accept a commission or valuable consideration from
a corporation which is wholly owned, or owned with a spouse,
by the broker associate or salesperson if the conditions
described in subsection 9 are met.

9. Paying a commission or any part of a commission for
performing any of the acts specified in this chapter to any a
person who is not a licensed broker or salesperson under this
chapter or who is not engaged in the real estate business in
another state. However, a broker may pay a commission to a
corporation which is wholly owned, or owned with a spouse, by
a salesperson or broker associate employed by or otherwise
associated with the broker, if all of the following conditions
are met:

a. The corporation does not engage in real estate
transactions as a third-party agent or in any other activity
requiring a license under this chapter.

b. The employing broker is not relieved of any obligation
to supervise the employed licensee or any other requirement of
this chapter or the rules adopted pursuant to this chapter.

c. The employed broker associate or salesperson is not
relieved from any personal civil liability for any licensed
activities by interposing the corporate form.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 380, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 18, 1989

TERRY E. BRANSTAD
Governor

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