

FEB 9 1988

COMMERCE AND REGULATION

HOUSE FILE 2/88  
BY JACOBS

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act prohibiting the payment of a commission or other valuable  
2 consideration to certain persons by a real estate licensee.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*File 2/88*

1 Section 1. Section 543B.34, subsection 9, Code 1997, is  
2 amended to read as follows:

3 9. a. Paying a commission or other valuable consideration  
4 or any part of a such commission or consideration for  
5 performing any of the acts specified in this chapter to a  
6 person who is not a licensed broker or salesperson under this  
7 chapter or who is not engaged in the real estate business in  
8 another state or foreign country, or paying a commission or  
9 other valuable consideration for performing any of the acts  
10 specified in this chapter to a licensee knowing that the  
11 licensee will pay a portion or all of such commission or  
12 consideration to a person who is not licensed pursuant to this  
13 chapter, provided that the provisions of this section shall  
14 not be construed to prohibit the payment of earned commissions  
15 or consideration to any of the following:

16 (1) The estate or heirs of a deceased real estate licensee  
17 when such licensee had a valid real estate license in effect  
18 at the time the commission or consideration was earned.

19 (2) A citizen of another country acting as a referral  
20 agent if that country does not license real estate brokers and  
21 if the Iowa licensee paying the commission or compensation  
22 consideration obtains and maintains reasonable written  
23 evidence that the payee is a citizen of the other country, is  
24 not a resident of this country, and is in the business of  
25 brokering real estate in that other country.

26 (3) A corporation pursuant to paragraph "b".

27 b. A broker may pay a commission or other valuable  
28 consideration to a corporation which is wholly owned, or owned  
29 with a spouse, by a salesperson or broker associate employed  
30 by or otherwise associated with the broker, if all of the  
31 following conditions are met:

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

35 (2) The employing broker is not relieved of any obligation

1 to supervise the employed licensee or any other requirement of  
2 this chapter or the rules adopted pursuant to this chapter.

3 (3) The employed broker associate or salesperson is not  
4 relieved from any personal civil liability for any licensed  
5 activities by interposing the corporate form.

6 (4) The corporation does not pay a portion or all of such  
7 commission or consideration to a person who is not licensed  
8 pursuant to this chapter.

9 EXPLANATION

10 This bill provides that the real estate commission may  
11 suspend or revoke a real estate license if the licensee is  
12 found to be guilty of paying a commission or other valuable  
13 consideration for performing any acts of a real estate broker  
14 or salesperson to another licensed person knowing that such  
15 person will pay a portion or all of such commission or  
16 consideration to a person who is not licensed by the real  
17 estate commission.

18 The bill adds an additional condition which must be met  
19 with respect to a commission or other valuable consideration  
20 paid by a broker to a corporation. The bill provides that  
21 such corporation must not pay a portion or all of such  
22 commission or consideration to a person who is not licensed by  
23 the real estate commission.

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