

**CHAPTER 22****REAL ESTATE LICENSEES AND CLIENTS — PAYMENT FOR SERVICES****S.F. 404**

**AN ACT** relating to a relationship involving real estate licensees and real estate clients, and establishing restrictions on the payment of commissions or other consideration.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 543B.34, subsection 9, Code 1999, is amended to read as follows:

9. a. Paying a commission or other valuable consideration or any part of a such commission or consideration for performing any of the acts specified in this chapter to 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 or foreign country, or paying a commission or other valuable consideration for performing any of the acts specified in this chapter to a licensee knowing that the licensee will pay a portion of or all of such commission or consideration to a person or party who is not licensed pursuant to this chapter, provided that the provisions of this section shall not be construed to prohibit the payment of earned commissions or consideration to any of the following:

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

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

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

b. 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:

(1) 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.

(2) 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.

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

Sec. 2. NEW SECTION. 543B.60A RESTRICTIONS ON PAYMENT OF COMMISSION TO OTHERS.

1. A licensee shall not require that a person, party, client, or customer negotiate a listing or purchase agreement or contract of real estate through a particular broker or group of brokers, salesperson or group of salespersons, or agent or group of agents.

2. A licensee shall not pay a commission, or portion of a commission, or other valuable consideration to a person or other licensee as described in subsection 1.

3. A licensee shall not request a referral fee after a bona fide offer to purchase is accepted.

4. A licensee shall not request a referral fee after a bona fide listing agreement has been signed.

5. A violation of this section shall be considered a violation under section 543B.34, subsection 4. In addition to any other penalty applicable, a license to practice the profession of real estate broker or salesperson may be revoked or suspended for a violation of this section.

Approved April 14, 1999