

Iowa Association of REALTORS®

Iowa Code & Administrative Rules

(Paraphrased) 2014

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This booklet is prepared solely for the use of the Iowa Association of REALTORS®. This booklet does not contain all the rules and regulations governing licensed real estate agents in the state of Iowa. This booklet is a paraphrased version of the Iowa Code and Administrative Rules. The complete Iowa Code and Administrative Rules can be downloaded free of charge from the Iowa Real Estate Commission's webpage: www.plb.iowa.gov.

The opinions expressed in this course are solely that of the Instructor and do not necessarily represent the opinions of the Iowa Association of REALTORS®. The content of this course does not constitute personal legal counsel. For clarification or more information regarding laws, rules, and interpretations please procure the services of your own attorney.

1. LICENSING

License Mandatory

A person shall not engage directly or indirectly in any of the following acts for a fee without first obtaining a **real estate license**.

1. Sell, purchase, rent, or lease real estate.
2. List real estate for sale or lease.
3. Advertise as being engaged in the business.
4. Negotiate the sale or lease of real estate.
5. Deals in options on real estate
6. Collect rent for the use of real estate.
7. Assist in the procuring of prospects.
8. Assists in negotiating.
9. Prepare specific real estate documents.

Acts Excluded From Licensing Provisions

The provisions of this chapter shall **not** apply to the following:

1. An owner, spouse of an owner, purchaser, or another engaged by such person on a regular *full-time* basis.
2. Any person acting with “power of attorney.”
3. A licensed Iowa attorney, acting solely as an incident to the practice of law.
4. A person acting under court order.
5. An auctioneer must be limited to establishing the time, place, and method of an auction, advertising and crying the property at the auction. If the auctioneer goes beyond these limits, then the requirements of the code do apply.
6. An isolated real estate rental transaction.
7. The sale of time-share uses.
8. A employee acting as a resident manager who resides in the building being managed.
9. A employee of the federal government.
10. A employee of a utility company.

Court Actions—License a prerequisite.

A person shall not bring any action in the courts for the collection of compensation without proving that the person was licensed at the time the alleged cause of action arose.

Basic Qualifications for License

1. Applicants who have been rejected must wait 12 months before reapplying. Applicants whose licenses have been revoked must wait 2 years.
2. A person must be eighteen years of age. An applicant is not ineligible because of their citizenship, sex, race, religion, marital status, or national origin.
3. An applicant who has been convicted of crimes such as forgery, embezzlement, theft, extortion, conspiracy to defraud must wait 5 years after conviction to apply. A license may also be delayed or denied for someone who is behind in child support or college loan payments. A licensee shall notify the commission of the licensee’s conviction of an offense within ten days of the conviction.
4. Applicant who has had a professional license of any kind revoked, may be denied a license.
5. A person who makes a false statement on an application may be denied a license.
6. The Commission may deny a license to a person based upon moral turpitude.

Salespersons License

Education Qualifications

An applicant for a license as a real estate salesperson must pass the license exam within 12 months of completing a 60 hour course in real estate education.

In addition, all salesperson applicants must complete 36 hours of coursework consisting of:

- 12 hours of Developing Professionalism and Ethical Practices
- 12 hours of Buying Practices
- 12 hours of Listing Practices

All Pre-license Education must be completed within the 12 months prior to the date of application.

All classroom education requires full time attendance.

Application for License

1. After receiving passing score, the applicant must file application for license and proof of education, no later than last working day of the sixth calendar month following passage of examination.
2. A request by the affiliating broker must be received by the Iowa Real Estate Commission for an initial applicant.
3. Licensee must complete an FBI background check before applying for a license.

Brokers License Qualifications

To qualify for a license as a real estate broker:

1. A person must complete 72 hours of broker pre-license education within 24 months of taking the examination.
2. The applicant must have been a licensed real estate salesperson actively engaged in real estate for a period of at least 24 months.
3. Licensee must complete an FBI background check before applying for a brokers license.

Error and Omissions Insurance Requirement

As a condition of active licensure, all real estate licensees shall submit evidence of compliance with the mandatory errors and omissions insurance requirement at the time of license application and within 20 days of a commission's request.

Failure to provide a response to an IREC audit of E & O Insurance within 30 days of their request is an automatic suspension.

Inactive status: Individuals whose licenses are on inactive status are not required to carry errors and omissions insurance.

Application Forms

Applicant must use commission supplied forms, which cannot ask for recent photo. The application may ask for present address and list of places of business for the last five years, and a written statement by employing broker.

Nonresident's Place of Business

A licensed nonresident is not required to maintain definite place of business within this state. He/she must maintain an active place of business within the state of the nonresident's domicile.

Actions Against Nonresidents

Before the issuance of a license, the applicant must file an irrevocable consent that suits may be commenced in the proper court in this state in which a cause of action may arise.

Non-residents must notify the commission within 15 days of any adverse action against their out-of-state issued real estate license.

Custody of Salesperson's license

The salesperson license must be delivered to the real estate broker, and kept in the custody of the broker.

Corporations, Associations, or Partnerships

A partnership, association, corporation, or professional corporation may open a real estate company. In each case, at least one of its members or officers shall be a real estate broker. All other members active as salespersons must also be licensed.

Real Estate Offices and Licenses Required

1. Every Iowa resident real estate broker must maintain an office, which must be open to the public during business hours or by appointment.
2. It is acceptable for more than one broker to operate in an office at the same address.
3. A designated broker may manage more than one office or physical location of business. The broker will still be held responsible for any and all transactions in all offices.

Change of Location

Notice in writing must be given to the real estate commission by each licensee of any change of principal business location, whereupon the commission shall issue a new license. Electronic notice is now acceptable.

Salespersons—Changing Brokers

When any real estate salesperson is discharged or terminates affiliation, the real estate broker must deliver their license to the real estate commission within 72 hours, on the reverse side of the license, the broker shall set out the date and cause of termination. Then, the broker shall address a communication to the salesperson stating that the license has been delivered to commission. When the salesperson affiliates with another broker, a license shall be issued for the balance of the current period. (A transfer form is now available which may transfer a license immediately.)

- (1) A former employing broker may pay a commission directly to a broker associate or salesperson if the commission was earned while the licensee was actively licensed with that broker.
- (2) Each licensee must inform the commission of a change of residence address within five working days.

License Terms

Licenses are issued for a three-year term, counting the remaining portion of the year issued as a full year. Licenses expire on December 31 of the third year of the license term.

Continuing Education Requirements

To renew on active status, licensee shall complete 36 hours of approved programs, during the three calendar years of the license term, including:

- Law Update - 8 hours
- Ethics - 4 hours

- (1) A maximum of 24 hours of continuing education may be taken by correspondence (online or home study).
Classes must be at least one hour in length to receive credit.
- (2) Licensee may take the same class over again if the instructors *and* course numbers are different.
- (3) Applicants for license renewal shall certify that the number of hours of continuing education required to renew a license was completed.
 - A. The commission will verify by random audit the education claimed by licensee.

The documentation shall be retained for a period of three years after the renewal.

- B. It will not be acceptable for a licensee to complete the required education after the deadline.
 - C. Failure to provide required evidence will result in the license being placed on inactive status.
- (4) A license may be renewed without the required continuing education, on inactive status. Prior to reactivating, deficient continuing education hours must have been completed. The maximum hours shall not exceed the prescribed number of hours for one license renewal period.
 - (5) A licensee may satisfy all continuing education deficiencies by repassing the appropriate real estate examination within the six months preceding the expiration of the license. Prior approval by the Commission is needed to take the test.

Renewing a License

Real estate license renewal notices are mailed in November to each licensee. License renewal is conducted online.

Renewal Deadlines

A signed application for renewal and regular renewal fee must be filed by December 31 of the year of expiration. Failure to comply shall terminate the license.

1. The license may be reinstated after the expiration date, if the application for renewal is filed with the commission by midnight, January 30, following the expiration of the license. A \$25 penalty will be charged.
2. If the licensee does not meet the January 30 deadline, the individual shall be required to retake and pass the appropriate license examination AND pay a \$25 per month penalty until licensed is renewed OR complete 36 hours of continuing education AND pay a \$25 per month penalty until the license is renewed.
3. After 3 years, the person must qualify in the same manner as for an original license.

Support Personnel

Both the firm or sponsoring broker and the affiliated licensee are responsible for supervising the acts of the personal assistant; however, the affiliated licensee shall have the primary responsibility.

1. Individuals actively licensed with one firm may not work as support personnel with another firm.
2. Individuals with an inactive status license may work as support personnel for a licensee, but not as a real estate licensee.
3. Broker must comply with the following:
 - a. Implement a written company policy authorizing the use of support personnel.
 - b. Specify in the written company policy any duties that the support personnel may perform on behalf of the affiliated licensee.

Permitted activities include the following:

- (1) Answer the telephone, provide information about a listing to other licensees, and forward calls from the public to a licensee
- (2) Submit data on listings to a multiple listing;
- (3) Check on the status of loan commitments;
- (4) Assemble documents for closing;
- (5) Secure documents that are public information;
- (6) Have keys made;
- (7) Write advertisements and promotional materials for the approval of the licensee;
- (8) Place advertisements as directed;
- (9) Record, and deposit money;
- (10) Type contract forms as directed;
- (11) Monitor personnel files;
- (12) Compute commission checks;
- (13) Place signs on property;
- (14) Order items of routine repair;
- (15) Act as courier for delivering documents;
- (16) Schedule appointments with the seller;
- (17) Arrange dates and times for inspections;
- (18) Arrange times for the mortgage application, the preclosing walk-through, and the closing;
- (19) Schedule an open house;
- (20) Perform physical maintenance on a property;

- (21) Accompany a licensee to an open house or a showing and perform the following:
 1. Open the door and greet prospects;
 2. Hand out prepared printed material;
 3. Have prospects sign a register or guest book;
 4. Accompany prospects through the home for security purposes and not to answer questions on material aspects of the house or price and terms.

Prohibited activities include the following:

- (1) Making cold calls for the purpose of securing prospects for listings;
 - (2) Hosting open houses independently;
 - (3) Preparing promotion materials, without review;
 - (4) Showing property independently;
 - (5) Answering any questions on title, financing, etc.;
 - (6) Answering any questions regarding a listing except provided in writing by the licensee;
 - (7) Discussing or explaining a contract;
 - (8) Negotiating any commission;
 - (9) Discussing with the owner terms of the real property offered;
 - (10) Collecting or holding deposit moneys;
 - (11) Providing owners with any advice;
 - (12) Holding one's self out as being licensed.
- *These prohibitions were placed upon auctioneers who are not licensed in real estate, effective July 1, 2012.

2. REAL ESTATE COMMISSION

Mission of the Commission

The mission of the Iowa real estate commission is to **protect the public** through the examination, licensing, and regulation of real estate brokers, salespersons, and firms.

Real Estate Commission Staff

1. Division of the Department of Commerce.
2. Commission has 7 members.
3. 5 licensed members (at least one must be a salesperson.) All actively licensed for 5 years, the last 2 in Iowa.
4. 2 unlicensed members.
5. Appointed by governor, confirmed by senate.
6. 3 year terms, maximum 3 terms or 9 years.
7. Only one per county. No government state or federal elected officials.

Expenses of members—

Members of the real estate commission are entitled to be reimbursed for their actual expenses.

Rules

The real estate commission may adopt rules to carry out the provisions of this chapter. Their seal authenticates all proceedings.

Fees

The real estate commission shall set fees for examination and licensing. The commission shall determine the annual cost of administering the examination and licensing and shall set the fee accordingly.

A fund derived from licensee fees is specifically directed to the commission to provide an Education Director and regulatory compliance personnel.

List of Licensees

At least once a year the real estate commission shall prepare a list of all licensees and of all persons whose licenses have been suspended or revoked within one year.

Commission Controversies

The commission is not authorized by law to conduct hearings involving disputes over fees or commissions between brokers or salespersons.

Petition for Declaratory Ruling

Any person or agency may file a petition with the commission for a declaratory ruling concerning the applicability of any statute, rule, policy, decision, or order administered by the commission. The petition must be filed at the Iowa real estate commission office.

3. BROKERAGE AGREEMENTS

Brokerage Agreements

All brokerage agreements (with buyer or seller) must be written and cannot be assigned without the express written consent of all parties to the original agreement.

Upon termination of association with the principal broker, the affiliated broker associate or salesperson shall not take or use any written brokerage agreements. Said brokerage agreements remain the property of the principal broker.

Listings

A listing agreement must be in writing, properly identifying the property and containing all of the terms and conditions under which the property is to be sold, including the price, the commission to be paid, the signatures of all parties concerned and a definite expiration date. It shall contain no provision requiring a party signing the listing to notify the broker of the listing party's intention to cancel the listing after such definite expiration date. An exclusive agency or exclusive right to sell listing shall so indicate.

A legible copy of every written listing agreement shall be given to the owner of the property by a licensee as soon as practical after the signature of the owner is obtained.

- (1) All listing contracts and all brokerage agency agreements shall include a statement disclosing the company's policy on cooperating with and compensating other brokers. Such disclosure shall serve to inform the client of any policy that would limit the participation of any other broker;
- (2) The brokerage relationships shall commence at the time of the brokerage agreement and shall continue until closing of the transaction. If the transaction does not close, or the agreement for which the broker was engaged is not performed or completed for any reason, the relationship shall end at the earlier of the following:
 - a. Any date of expiration agreed upon by the parties;
 - b. Any termination by written agreement of the parties.
- (3) Licensees shall have the duty after termination to:

- a. Account for all moneys and property related to and received during the engagement; and
- b. Keep confidential all information received.

Compensation

In any real estate transaction, the broker's compensation may be paid by the seller, the buyer, the landlord, the tenant, a third party, or by the sharing or splitting of any commission between brokers.

Written permission of the client is required, as follows:

1. A seller's or landlord's agent may share the commission with another broker, with the written consent of the seller or landlord.
2. A buyer's or tenant's agent may share the commission with another broker, with the written consent of the buyer or tenant.
3. A broker may be compensated by more than one party for services in a transaction, if the parties have consented in writing.
4. A licensee shall not accept, receive or charge an undisclosed commission for a transaction.
5. A licensee shall not pay an undisclosed commission to any other licensee, except payment for referrals to other licensees.
6. A licensee shall not pay any undisclosed rebate to any party to a transaction, except a gratuitous gift, such as flowers or a door knocker, which are not intended to induce a party to enter a transaction.
7. A licensee shall not give any undisclosed credit against commission to any party to a transaction.
8. A licensee shall not accept any undisclosed payments for services provided by any third party, such as payments for procuring insurance or for conducting a property inspection.
9. A licensee may pay a portion of commission to a charity.

Solicitation of Brokerage Agreements

- (1) A licensee shall not solicit a brokerage agreement if the licensee knows, or should have known, that the seller or buyer or landlord or tenant has current brokerage agreement with another broker.

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

(2) A licensee shall not negotiate with a party if the licensee knows that the party has a written unexpired exclusive brokerage agreement with another broker

(3) A listing licensee shall not refuse to permit a Customer to have a Customer's agent present at any step in a real estate transaction, including viewing a property, seeking information about a property, or negotiating directly or indirectly with a licensee about a property listed by such licensee. A listing licensee shall not be required to permit a customer's agent to be present when discussing confidential matters with a client. Compliance with the rule does not require a listing licensee to share any commission with a customer's agent.

(4) When a firm closes, the broker must notify all listing clients they may enter a new listing agreement with the firm of their choice.

Net Listing Prohibited

No licensee shall enter into a net listing agreement for the sale of real property 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 commission.

Signs on Property

Placing a sign on any property without the consent of the owner shall be held as against the best interests of the general public.

The licensee shall make every reasonable effort to remove signs from a property after the transaction is closed, unless permission of the new owner is obtained.

Enforcing a Protective Clause

A protective clause is a clause in a listing agreement that would allow a broker to claim a commission after a listing has expired, if the broker introduced the property to the buyer during the term of the listing.

To enforce a protective clause, there must be:

(1) a provision for the protective clause in the listing contract which establishes a definite protection period, and (2) the broker must furnish to the owner, in writing sent by regular and

certified mail, or by personal service with receipt, prior to the expiration of the listing, the name and contact information of persons to whom the property was presented during the active term of the listing and for whom protection is sought.

Prohibited Practices (Tying Agreements)

These are illegal arrangements in which a broker requires a party to pay for or use one or more of the broker's services in order to receive the service the party wants.

(1) An arrangement in which a real estate licensee requires, in connection with the sales of a lot to a homebuilder, that the real estate licensee receive from the homebuilder an exclusive right to sell or list the house to be constructed on the lot.

(2) An arrangement in which a real estate licensee agrees to sell lots on behalf of a developer on the condition that the developer require each homebuilder purchasing such a lot to list the house to be constructed with the real estate licensee.

(3) An arrangement in which a real estate licensee, in connection with the sale of a lot requires the party to pay a commission on the value of the house to be constructed on the lot.

(4) Any arrangement in which the sale of real estate to a prospective purchaser is conditioned upon the listing of real estate owned by the prospective purchaser with the real estate licensee.

(5) An arrangement in which a real estate licensee, in connection with the sale of a lot to a consumer, requires the consumer to use a specified homebuilder.

(6) Any arrangement in which a real estate licensee enters into an agreement with a financial institution in which the making of a loan is conditioned upon payment of a real estate commission to the real estate licensee.

Property Management

A licensee shall not lease real estate unless the licensee's broker holds a current written property management agreement with the owner.

Management agreement shall include but not limited to the following items:

1. Proper identification of the property.
2. Creates general agency.
3. Compensation
4. Terms and Conditions of Management

4. ADVERTISING

A broker may not advertise in a manner indicating that the property is being made available by a private party. No real estate advertisement shall show only a post office box number, telephone number or street address. Every broker shall use the regular business name and shall affirmatively and unmistakably indicate that the party is a real estate broker.

- (1) Real estate advertising shall not be misleading, deceptive, or intentionally misrepresent any property.
- (2) All advertising shall be conducted under the supervision of the broker.
- (3) A licensed firm advertising or marketing on a website on the internet must include on each page of the site the following data:
 - a. The firm's name as registered.
 - b. The city and state in which the firm located;
 - c. States which the firm holds a real estate brokerage license.
- (4) A licensee advertising must include on each page of the website on which the licensee's advertisement appears the following data:
 - a. The licensee's name;
 - b. The name of the firm with which the licensee is affiliated
 - c. The city and state in which the licensee's office is located; and
 - d. The states in which licensee holds license.
- (5) A firm using e-mail, discussion groups, and bulletin boards must include on the first or last page of all communications the following data:
 - a. The firm's name as registered;
 - b. The city and state firms' offeree is located
 - c. The states in which the firm holds license.
- (6) A licensee using e-mail, discussion groups, and bulletin boards, must include on the first or last page of all communications the following data:
 - a. The licensee's name;
 - b. The firm with which the licensee is affiliated;
 - c. The city and state licensee's office is located;
 - d. The states licensee holds license.

Lotteries Prohibited

Licensees are prohibited in participating in lotteries and schemes of chances whereby the buyer may or may not receive any property.

Referral Fees

A licensee may not pay referral fees or finder's fees to unlicensed third parties for providing leads or referring business.

Advertising Under Own Name

Licensees are prohibited from advertising under their own name unless they are the owner of the property they are advertising and on which no brokerage fees are to be paid. Brokerage consent is also needed.

5. SELF INTEREST

A licensee shall not act in a transaction on the licensee's own behalf; on behalf of the licensee's immediate family, including but not limited to a spouse, parent, child, grandparent, grandchild, brother, or sister; or on behalf of the brokerage; or on behalf of an organization or business entity in which the licensee has an interest, unless the licensee provides written disclosure of that interest to all parties to the transaction. Disclosure required must be made at the time of, or prior to, the licensee's providing specific assistance to the party.

Licensee Acting as a Principal

A licensee shall not acquire any interest in any property nor sell any property in which the licensee has an interest without first making written disclosure of the licensee's true position clear to the other party. An inactive status licensee shall be not exempt.

6. PURCHASE AGREEMENTS

Real Estate Documents

Upon written request of a buyer or seller, a licensee may select, prepare, and complete form documents for the use in residential real estate transactions of four units or less. This would be limited to the following:

1. Purchase Agreements
2. Ground Water Hazard Forms
3. Declaration of Value Forms

Presenting Purchase Agreements

- (1) Any and all written offers to purchase received by any broker shall be promptly presented to the owner for formal acceptance or rejection.
- (2) The formal acceptance or rejection of the offers shall be promptly communicated to the prospective purchasers.
- (3) In the event that an offer is terminated or rejected, all earnest money must be returned to the buyer immediately.
- (4) A customer's agent seeking compensation from the listing broker should not include any commission proposals in an offer to purchase. Any commission split must obtain authorization and agreement from the listing broker.
- (5) A listing agent must allow a buyer's agent to be present when an offer is presented, unless the seller provides written instructions otherwise.

Dual Contracts

A person licensed shall not knowingly make the use of two or more written or oral contracts for the purpose of a sale concerning the same parcel of real estate, one of which is not made known to the prospective lender to enable the purchaser to obtain a larger loan than the true sales price would allow, or to enable the purchaser to qualify for a loan which the purchaser otherwise could not obtain.

Progress Report

After an offer to buy has been made by a buyer and accepted by a seller, either party may demand at reasonable intervals, and the broker must furnish, a detailed statement showing the current status of the transaction.

Loan Finder Fees

The acceptance of a fee or anything of value by a real estate licensee from a lender for the referral or steering of a client to the lender for a loan shall be considered a violation of Iowa code.

Executed Instruments

Upon execution of any instrument in connection with a real estate transaction, a licensee shall, as soon as practicable, deliver a legible copy of the original instrument to each of the parties thereto.

7. PROPERTY DISCLOSURES

558A-Seller Disclosure Statement

1. All sellers of residential property;
2. Dwellings of four units or less;
3. Must disclose physical, mechanical, structural, and environmental condition of property;
4. To the buyer or buyers spouse;
5. Prior to accepting an offer or making a counter offer.
6. Information must be made in good faith.
7. Must provide a State of Iowa Radon Fact Sheet to Buyers.
8. Exempt property: Foreclosure, forfeitures, bankruptcies, eminent domain, specific performance, transfer to co-tenant, spouse or heir, fiduciaries with estates, guardianship, conservatorship, trusts, powers of attorney, and quitclaim deed.

Property Condition Disclosure Requirement

Disclosure must include sale, exchange, and real estate contract, including rental or lease agreements which contain any option to purchase.

(1) Listing agent's responsibilities to seller.

At the time of listing, the licensee must obtain a completed disclosure signed and dated by each seller.

1. A licensee must deliver the executed statement to a potential buyer or a potential buyer's agent prior to the seller accepting a written offer to buy.
2. The licensee representing a seller shall attempt to obtain the buyer's signature and date of signature on the statement. If the licensee is unable to obtain the buyer's signature, the licensee shall obtain other documentation establishing delivery of the disclosure.
3. The listing broker shall maintain the completed disclosure statement for a minimum of five years.
4. The executed disclosure statement shall be delivered to the buyer(s) by either personal delivery or by certified or registered mail.

(2) Buyers agent's responsibilities to buyer.

1. A licensee representing a buyer in transfer must notify the buyer of the seller's obligation to deliver the property disclosure statement.
2. If the disclosure statement is not delivered when required, the licensee shall notify the buyer that the buyer may revoke or withdraw the offer
3. If a buyer elects to revoke the offer, the licensee shall obtain a written revocation or withdrawal from the buyer, and shall deliver the revocation to the seller within three days following personal delivery or five days following delivery of the disclosure by mail to the buyer.

Groundwater Hazard Statement

In a real estate transfer, transferors (or their agents) must indicate as "unknown" or "known and located" each of the following items:

1. Wells
2. Solid waste
3. Hazardous wastes
4. Underground storage tanks (USTs)
5. Burial sites
6. Septic System – Inspection or exemption statements

Non-compliance with this law will result in transfer not being recorded in court house records.

8. TRUST ACCOUNTS

(1) All earnest payments and down payments, all rents collected, and property management funds, received by the broker or salesperson on behalf of the broker's client, must be deposited in a trust account in a federally insured financial institution located in Iowa.

(2) All trust funds must be deposited into the broker's trust account by no later than five banking days after the date indicated on the document of the last signature of acceptance.

(3) A broker shall not commingle personal funds in a trust account; except, up to \$500 which may be used by the broker to pay for expenses directly related to maintaining the trust account.

(4) Unless contrary to agreement, all interest earned on the trust account shall be transferred on a calendar quarter basis to the state.

(5) Property management funds, if separately maintained, shall not be required to be an interest-bearing account.

(6) A trust account may bear interest to be disbursed to the buyers or sellers or agreed 3rd party with the written approval of all parties.

(7) A broker shall be required to open and maintain one or more trust accounts. The broker shall file with the commission a written "Consent to Examine and Audit Trust Account" form which irrevocably authorizes the commission to examine and audit the trust account.

(8) No funds shall be disbursed from the trust account prior to the closing, until:

- a. The broker is in receipt of a written release from all parties.
- b. The broker is in receipt of a final judgment of the court.
- c. There is a final decision of a binding alternative dispute resolution process; or
- d. A civil action is filed, at which time broker may seek authorization to pay the deposit into the court.

(9) Under no circumstances is the broker entitled to withhold any portion of the earnest money when a transaction fails to consummate, even if a commission is earned.

(10) In the event all funds cannot be disbursed at the time of closing, the broker shall obtain an escrow agreement signed by both parties which shall direct the broker regarding the future disbursement of the funds.

(11) Where a licensee acts as a principal in a transaction, these funds must be deposited into the broker's trust account when the licensee is acting in the capacity of a real estate licensee.

(12) When licensee is acting as a principal of property owned by the licensee, the use of the brokers trust account is not required if

- a. It is strictly, clearly and totally a "by owner" transaction;
- b. No commission is paid to or received by the licensee; and
- c. The licensee does not function as a real estate licensee.

9. CLOSINGS

- (1) It shall be mandatory for every broker to deliver to the seller, at the time the transaction is consummated, a complete detailed statement showing all of the receipts and disbursements handled by the broker.
- (2) Also, the broker shall at the same time deliver to the buyer a complete statement showing all moneys received in the transaction from the buyer and how and for what the same were disbursed.
- (3) The broker shall retain all trust accounts records and complete file on each transaction for a period of at least five years.
- (4) The listing broker shall be responsible for the closing even though the closing may be completed by another licensee.
- (5) A salesperson shall not handle the closing of any real estate transaction except under the direct supervision or with the consent of the employing broker.
- (6) In the case of a cooperative sales between brokers, the listing broker may elect to close the transaction. If the listing brokers so elects, the selling broker shall have the purchaser make the earnest money check payable to the listing agent's trust account and shall immediately deliver the earnest money check, along with the offer to purchase, to the listing agent.
- (7) When cash is accepted as earnest money by the selling agent, the selling agent must deposit the money in the selling broker's trust account and then immediately transfer the earnest money deposit to the listing agent by issuing a check drawn on the selling broker's trust account.
- (8) Anything other than cash or an immediately cashable check shall not be accepted as earnest money unless that fact is communicated to the seller prior to the acceptance of the offer to purchase, and is stated in the offer to purchase.
- (9) An uncashed earnest money check must be disclosed when presenting an offer.
- (10) In the event that a buyer's earnest money check is returned for insufficient funds, the broker shall
 - a. Notify the buyer to immediately replace it with cash.
 - b. If this cannot be done, notify the seller who will determine the course of action.

10. AGENCY

Changes in Common Law Duties and Liabilities of Licensees and Parties

The duties of a licensee specified in this chapter supersede any fiduciary duties of a licensee to a party to a transaction based on common law principles of agency.

“**Agency**” means a relationship in which a real estate licensee acts for or represents another by the other person’s express authority.

“**Customer**” means a consumer of real estate services in connection with a real estate transaction who is not being represented by the licensee, but for whom the licensee may perform ministerial acts. A customer may be a client of another broker, or may not to be represented by any broker.

“**Ministerial acts**” means those acts that a licensee may perform for a consumer that are informative in nature and do not rise to the level of specific assistance. Ministerial acts include the following:

1. Responding to phone inquiries by consumers as to the availability and pricing of brokerage services;
2. Responding to phone inquiries from a consumer concerning the price or location of property;
3. Attending an open house and responding to questions about the property from a consumer;
4. Setting an appointment to view property;
5. Responding to questions of consumers walking into a licensee’s office concerning brokerage services offered or particular properties;
6. Describing a property or the property’s condition in response to a consumer’s inquiry;
7. Completing business or factual information for a consumer on an offer or contract to purchase on behalf of a seller client;
8. Showing a buyer client through a property being sold by an owner on his or her own behalf;
9. Referring a person to another broker or service provider.

“**Client**” means a party to a transaction who has an agency agreement with a broker for brokerage services.

Disclosure of Agency

(1) Every broker or real estate firm must have a written company policy identifying and describing the types of real estate agency relationships in which the broker and affiliated licensees may engage.

(2) A broker shall not be required to offer or engage in more than one type of agency relationship, which the broker shall be free to choose.

(3) A licensee shall not represent any party or parties to a real estate transaction unless that licensee makes disclosure of the licensee’s company agency policy, identifying which party(s) that licensee may represent in a transaction.

(4) The agency disclosure must be made verbally by the licensee at the time the licensee provides **specific assistance** to the client or non-represented customer.

“**Specific assistance**” means any communication beyond casual conversation concerning the facts and features of a property, which occurs prior to the point of discussing any

1. Price range
2. Specific financial qualifications,
3. Motives,
4. Objectives of the seller or buyer, or tenant or landlord, or
5. Prior to eliciting or accepting information involving a proposed or preliminary offer associated with a specific property, in which the person may unknowingly divulge any confidential personal or financial information, which if disclosed to the other party, could harm their bargaining position.

(5) A written agency disclosure must be made by the licensee to all parties to a real estate transaction identifying which party the licensee represents in the transaction prior to an offer being made or accepted by any party to a transaction. The written disclosure shall be acknowledged by separate signatures of all parties to the transaction.

Duties of a Licensee

1. Duties to a CUSTOMER in a transaction.

A licensee shall do all of the following items:

1. Provide brokerage services to all parties to the transaction honestly and in good faith.
2. Diligently exercise reasonable skill and care in providing brokerage services to all parties.
3. Account for all property coming into the possession of a licensee that belongs to any party within a reasonable time of receiving the property.
4. Disclose to each party all material adverse facts that the licensee knows.

“**Material adverse fact**” means an adverse fact that

1. (A) party indicates is of such significance, or that (B) is generally recognized by a competent licensee as being of such significance to a reasonable party, that:
2. It affects or would affect the party’s decision to enter into a contract or agreement concerning a transaction, or
3. It affects or would affect the party’s decision about the terms of the contract or agreement.

“**Adverse fact**” means a condition or occurrence that is generally recognized by a competent licensee as resulting in any of the following:

1. Significantly and adversely affecting the value of the property.
2. Significantly reducing the structural integrity of improvement to real estate.
3. Presenting a significant health risk to occupants of the property.

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.

2. Duties to a CLIENT in a real estate relationship.

A licensee providing brokerage services to a client shall do all of the following acts:

1. Place that client’s interest ahead of the interest of any other party, unless loyalty to a client violates the licensee’s duties.
2. Disclose to the client all information known by the licensee that is material to the transaction
3. Fulfill any obligation that is within the scope of the agency agreement, except those inconsistent under law.
4. Disclose to the client any financial interests the licensee or the brokerage has in any business entity to which the licensee refers a client for any service.
5. In providing brokerage services, a licensee shall not accept a fee or compensation related to a transaction from a person other than the licensee’s client, unless the licensee has provided written notice to all parties to the transaction that a fee or compensation will be accepted by the licensee from such person.
6. The seller may, in the listing agreement, authorize the seller’s broker to disburse part of the broker’s compensation to other brokers, including a buyer’s broker solely representing the buyer. A broker representing a buyer shall inform the listing broker (if there is one) or, if there is no listing broker, the seller, either verbally or in writing, of the agency relationship before any previewing, showing or negotiations are initiated, whichever comes first.
7. The obligation of either the seller or buyer to pay compensation to the broker is not determinative of the agency relationship.
8. Nothing contained in this rule shall obligate a party to pay compensation to a licensee unless the party has entered into a written agreement with the broker specifying the compensation terms.
9. A licensee may work with a single party in separate transactions pursuant to different relationships.
10. If a party rejects representation, or refuses to sign the agency disclosure document, or refuses to sign acknowledging receipt of the

disclosure, the licensee shall note that fact on a copy of the agency disclosure document.

11. A licensee who is offering real estate brokerage services as an auctioneer shall make the written disclosure to the buyer not later than prior to the buyer entering into a written purchase agreement for the property. The identification of the successful bidder shall constitute the first meaningful contact with a buyer when specific assistance is provided.
12. The licensee shall retain a copy of the disclosure form signed by the prospective buyer, lessee seller, or lessor, for a period of 5 years.

Single Agent Representing a Seller or Landlord

Licensee representing a seller or landlord shall have the following duties:

1. To perform the terms of the written agreement;
2. To exercise reasonable skill and care;
3. Accounting in a timely manner for all money and property received;
4. Providing brokerage services to all parties to the transaction honestly and in good faith;
5. To promote the interests of the seller or landlord with the utmost care, integrity, honesty, loyalty, including:
 - a. Seeking a price and terms which are acceptable to the seller or landlord; except that the Licensee shall not be obligated to seek additional offers to purchase the property while the property subject to a contract;
 - b. Presenting all written offers to and from the seller or landlord in a timely manner regardless of whether the property is subject to a contract.
 - c. Disclosing all material adverse facts;
 - d. Advising the client to obtain expert advice as to material matters which are beyond the expertise of the licensee;
6. Preserving the seller's or landlord's confidential information.
 - a. Information concerning the client, that if disclosed to the other party, could place the seller or landlord at a disadvantage when bargaining;

- b. That the seller or landlord is willing to accept less than the asking price;
- c. What the motivating factors are for the client;
- d. That the seller or landlord will agree to sale, lease, or financing terms other than those offered
- e. The seller's or landlord's real estate need;
- f. The seller's or landlord's financial information.

Duty to a Buyer or Tenant (Customer)

Agents shall disclose to any customer all material adverse facts actually known by the licensee.

1. The licensee owes no duty to conduct an independent inspection of the property for the benefit of the buyer or tenant and owes no duty to independently verify the accuracy or completeness of any statement made by the seller or landlord or any independent inspector, unless the licensee knows the information is not accurate.
2. Nothing in this rule precludes the obligation of a buyer or tenant from the responsibility of protecting their own interest by, including, inspecting the physical condition of the property and verifying important information.
3. A real estate brokerage may provide assistance to an unrepresented buyer or tenant by performing such acts as preparing offers and conveying those offers to the seller or landlord and providing information and assistance.
4. The licensee may show alternative properties not owned by the seller or landlord to prospective buyers or tenants and may list competing properties for sale or lease without breaching any duty.

Single Agent Representing a Buyer or Tenant

A licensee representing a buyer or tenant shall have the following duties;

- A. To perform the terms of any written agreement made with the client;
- B. Exercise reasonable skill and care for the client;
- C. To promote the interests of the client with the utmost good faith, loyalty, and fidelity, including the following:
 1. Seeking a property at a price and terms which are acceptable to the buyer or tenant, except that the licensee shall not be obligated to seek other properties while the client is a party to a contract;
 2. Presenting all offers to and from the client in a timely manner regardless of whether the client is already a party to a contract;
 3. Disclosing to the buyer or tenant material adverse facts concerning the property.
 4. Advising the buyer or tenant to obtain expert advice on material matters which are beyond the expertise of the licensee;
 5. Preserving the buyer's or tenant's confidential information.
 - a. Information concerning the client that if disclosed to the other party, could place the client at a disadvantage when bargaining;
 - b. That the buyer or tenant is willing to pay more than the price offered;
 - c. What the motivating factors are for the party;
 - d. That the buyer or tenant will agree to sale, lease or financing terms other than those offered;
 - e. The buyer's or tenant's real estate needs;
 - f. The buyer's or tenant's financial qualifications.
 6. Accounting in a timely manner for all money and property received;
 7. Providing brokerage services to all parties to the transaction honestly and in good faith;

Duty to a Seller or Landlord (Customer)

Agent shall disclose to any customer all material adverse facts actually known by the licensee.

1. The licensee owes no duty to conduct an independent investigation of the buyer's or tenant's financial condition for the benefit of the seller or landlord and owes no duty to verify the accuracy or completeness of any statement made by the buyer or tenant or any independent source, unless the licensee knows the information is not accurate.
2. Nothing in this rule shall limit the obligation of a seller or landlord from the responsibility of protecting their own interest by verifying information concerning or provided by the buyer or tenant.
3. The licensee may show properties in which the buyer or tenant is interested to other prospective buyers or tenants, may assist other competing buyers or tenants, and may enter into brokerage service agreements with other competing buyer or tenants without breaching any duty or obligation to the buyer or tenant.

Dual Agency

Disclosed Dual Agent

“Dual agent” means a licensee who, with the written informed consent of all parties to a contemplated real estate transaction, has entered into an agreement with and therefore represents both the seller and buyer or both the landlord and tenant in the same transaction.

(1) A brokerage which has a company policy that permits disclosed dual agency for in-house transactions must provide a disclosed dual agency consent agreement to the client, or prospective client prior to engaging in any activities of a dual agent. Agent must inform the prospective clients that they are not required to consent to dual agency representation.

A dual agent shall be an agent for both the seller and buyer or the landlord and tenant and shall have the duties and obligations required for a single agent representing a seller or landlord and for a single agent representing a buyer or tenant.

A dual agent must disclose to the clients all material adverse facts concerning the property.

- (2) A dual agency consent agreement shall:
- a. Fairly and accurately describe the type of representation the licensee will provide each client;
 - b. Inform the clients that representing more than one party to a transaction may present a conflict of interest;
 - c. Inform the clients that they are not required to consent to dual agency.
 - d. Describe the confidential information a dual agent will not disclose to one client about the other client; and
 - e. Include a statement that the clients understand licensee’s duties and consent to licensee’s providing services to more than one client.

1.45(4) Potential Dual Agency Agreement

1. The potential dual agency agreement should be provided to the seller or landlord prior to entering into a listing agreement.
2. The potential dual agency agreement should be provided to the buyer or tenant prior to entering into a buyer or tenant agency agreement.
3. If the parties to a proposed transaction or contract have agreed in writing to potential dual agency, a dual agency consent disclosure shall be presented to the parties prior to signing an offer to purchase or a rental or lease agreement. The parties may accept or reject dual agency at this point in the transaction.

Appointed Agency

Appointed Agents Within a Firm

Iowa Code authorizes a designated broker to elect to appoint in writing one or more different licensees affiliated with the broker to act as agent to represent exclusively different clients in the same transaction, to the exclusion of all other affiliated licensees within the real estate brokerage.

Appointed Agent Procedures and Disclosure

Prior to entering into a brokerage agreement, a real estate brokerage shall notify a client in writing of the real estate brokerage's appointed agent policy and those affiliated licensees within the real estate brokerage that will be acting as appointed agents of that client to the exclusion of all other affiliated licensees within the real estate brokerage. The appointed agent disclosure shall include:

1. The name of the appointed agent(s);
2. A statement that the appointed agent will be representing the client as the client's agent;
3. A statement that the agency may be representing both the seller and the buyer in connection with the sale or purchase of real estate;
4. A statement that other agents may be appointed during the term of the brokerage agreement should the appointed agent not be able to fulfill the terms of the brokerage agreement.
5. A section for the client to consent or not consent in writing to the appointment.

(1) Any broker may elect to offer the appointed agent relationship.

On a property which the broker has a prior existing exclusive single agent or dual agent brokerage agreement, the broker shall not allow the use of the appointed agent without first obtaining the written consent of the particular seller or landlord to the appointed agency relationship.

(2) A designated broker shall not be considered to be a dual agent solely because they make an appointment under this rule.

(3) Appointed agent and designated broker responsibilities:

- A. A designated broker appointing an affiliated licensee(s) to act as an agent of a client shall take ordinary and necessary care to protect confidential information disclosed by the client to the appointed agent. Broker shall implement procedures intended to prevent mishandling of information through both formal and informal sharing of information within the brokerage, and the arrangement of brokerage office space. The licensees may not disclose, except to the licensee's designated broker, information made confidential by request.
- B. An appointed agent may disclose to the brokerage's designated broker/designee confidential information of a client for the purpose of seeking advice or assistance for the benefit of the client in regard to a possible transaction. Confidential information shall be treated as such by the designated broker.

Subagency

“subagent” means a broker and their affiliated licensees, engaged by another broker to act as an agent for a client. The subagent has the same obligations and responsibilities to the client as the primary broker representing the client.

11. ENFORCEMENT

Investigations by Commission

The real estate commission may revoke or suspend a license for any of the following:

1. Making any substantial misrepresentation.
2. Making any false promise of a character likely to influence, persuade or induce.
3. Pursuing a continued and flagrant course of misrepresentation, or making a false promise.
4. Acting for more than one party in a transaction without the knowledge of all parties.
5. Accepting a commission or valuable consideration as a real estate broker associate or salesperson from any person, except the broker associate's or salesperson's employer, who must be a licensed real estate broker.
6. Representing a real estate broker other than the licensee's employer, without the express knowledge and consent of the employer.
7. Failing, within a reasonable time, to account for or to remit any moneys coming into the licensee's possession which belong to others.
8. Being unworthy or incompetent to act as a real estate broker or salesperson.
9. Paying a commission to a person who is not a licensed broker or salesperson, except:
 - a. The estate or heirs of a deceased real estate licensee.
 - b. A citizen of another country acting as a referral agent if the country does not license real estate brokers
 - c. Corporation which is wholly owned, or owned with a spouse, by a salesperson or broker associate.
10. Failing, within a reasonable time, to provide information requested by the commission.
11. Fraud in procuring a license.
12. Professional incompetence.
13. Habitual intoxication or addiction to the use of drugs.

14. Conviction of an offense included in licensing section.
15. Fraud in representations as to skill or ability.
16. Use of untruthful or improbable statements in advertisements.
17. Noncompliance with insurance requirements.
18. Noncompliance with the trust account requirements.
19. Revocation of any professional license.

Method of Discipline

The Iowa real estate commission has authority to impose, after proper procedures have been initiated and followed, the following disciplinary penalties:

1. Revocation of license. Suspension of license for a specified period.
2. Nonrenewal of license.
3. Prohibit permanently the engaging in specified procedures, methods or acts.
4. Probation.
5. Require additional education or training.
6. Require a physical or mental examination.
7. Issue citation, warning or reprimand.
8. Impose civil penalties not to exceed \$2,500 per violation.
9. Such other sanctions allowed by law or any combination of the above penalties.

Form and Content of the Written Complaint

A complaint shall be made in writing and shall be signed by complainant or an authorized representative of the complainant. The complaint may be in the form of a letter or affidavit or it may be made using an official complaint form and shall contain the following information:

1. The full name, address and telephone number of the complainant.
2. The full name, address and telephone number, if known, of the respondent.
3. A concise statement of the facts which clearly and accurately appraise the commission of the allegations against the respondent.

Place and Time of Filing

The complaint may be delivered personally or by mail to the executive secretary of the commission at the office of the commission.

Receipt of Complaints and Initiation of Investigations

When the commission receives a complaint, the complaint shall be reviewed by the executive secretary.

1. If the complaint is a verified, written complaint, which together with evidence presented with the complaint makes out a case of a violation of a law within the investigative jurisdiction of the commission, the executive secretary shall refer the complaint to the investigating committee.
2. If the complaint does not meet the criteria, the executive secretary may decline to pursue the complaint further.

Investigating Committee

The commission may appoint an investigating committee of two to seven commission members for the purpose of conducting investigations. The committee shall determine whether a violation has occurred. If the committee determines that the facts presented warrant disciplinary action, the committee shall open a disciplinary case against the licensee. If the investigating committee determines that no disciplinary action is warranted, the committee shall take no further action on the complaint.

The complainant shall be informed by letter containing a statement specifying the reasons for rejection.

Following or during the investigation the investigating committee may take one or more of the following actions:

1. Request further investigation
2. Request that the licensee who is the subject of the complaint meet with the investigating committee to informally discuss the allegations.
3. Determine that there is probable cause to believe that a violation has occurred which warrants discipline.

4. Determine that there is no probable cause to believe that a violation has occurred which warrants discipline.
5. Determines that there is probable cause to believe that a violation of Iowa Code has occurred which shall be referred to a court of competent jurisdiction.
6. Attempt informal settlement of the complaint.

Informal Discussion

The investigating committee may request that a licensee and the licensee's employing broker attend an informal discussion. The licensee or the employing broker is not required to attend or participate. However, the licensee and the employing broker are required to inform the committee as to whether they will attend an informal discussion.

- (1) The informal discussion is a part of the committee's investigation of a pending disciplinary case, and facts discussed at the informal discussion may be considered by the commission in the event that the complaint advances to a contested case hearing.
- (2) If the licensee chooses, the licensee may be represented by an attorney at the informal discussion at the expense of the licensee.
- (3) The informal discussion shall be held in closed session.
- (4) The committee may seek an informal settlement of the case at the time of the informal discussion. If the parties agree to an informal settlement of the case at the time of the informal discussion, a statement of charges shall be filed simultaneously with the settlement documents.

Contested Case Hearing (Formal Hearing) Order for hearing or complaint.

The commission may issue an order fixing the time and place for hearing. A written notice of hearing, together with a statement of the charges, shall be mailed to the licensee at least 20 days before the hearing by certified mail return receipt requested to the last known business address of the licensee.

Statement of Charges and Notice of Hearing

The notice of hearing shall state:

1. The date, time and place of hearing
2. A statement that the party may be represented by legal counsel at all stages.
3. A statement of the legal authority and jurisdiction under which the hearing is to be held.
4. A reference to the statutes and rules involved.
5. A short and plain statement of the matter asserted.
6. A statement that the respondent has the right to appear at a hearing and be heard.
7. A statement requiring the respondent to submit an answer.
8. A statement requiring the respondent within the period of ten days after receipt of the notice of hearing to acknowledge receipt of the notice of hearing on the form provided with the notice.
9. A statement requiring the respondent to furnish the commission a list of potential witnesses and their current addresses which the respondent intends to have called.

Prehearing Conference

The prehearing conference shall be for the purpose of identifying and pre-marking exhibits and other documents as well as determining stipulations or other means of limiting the issues of the hearing.

Subpoena Powers

The commission has authority to subpoena persons, books, papers, records and any other real evidence.

Failure of Licensee to Appear

If a licensee fails to appear in person at the hearing, the commission may proceed to conduct the hearing and the licensee shall be bound by the results of such hearing to the same extent as if the licensee were present.

Penalties

Any person found guilty in the first offense shall be guilty of a simple misdemeanor.

Suspended and Revoked Licenses

A suspended or revoked license must be returned to the commission immediately.

- (1) As of the effective date of a suspended or revoked license, the licensee may not engage in any activity which requires a real estate license
- (2) When a broker is suspended or revoked, all licensees associated with that broker shall automatically be placed on “inactive” status for the duration of the suspension or revocation, unless transferred to another broker.
- (3) A suspended or revoked licensee may only receive compensation during the period of suspension or revocation for those acts performed and for which compensation was earned, when the person was actively licensed.
- (4) All listings and property management agreements must be canceled by the suspended or revoked broker.
- (5) The seller or lessor shall be advised that they may enter into a contractual agreement with another broker of their choice.
- (6) A suspended or revoked broker may not sell or assign listings or management agreements to another broker without the written consent of the owner.
- (7) A suspended or revoked broker may not finalize any pending closings. This responsibility must be given to another broker, an attorney, financial institution or escrow company.
- (8) A suspended or revoked broker is prohibited from advertising real estate in any manner as a broker. All advertising must be removed within ten calendar days.

12. IOWA FAIR HOUSING ACT

1. Includes all real property.
2. The protected classes in Iowa are:
 - Race
 - Creed (may not be included in other states)
 - Color
 - Sex
 - National Origin
 - Religion
 - Disability
 - Familial status
 - Sexual Orientation
 - Gender Identity

Note: Ancestry may be a protected class within other contexts, however it is not protected in Iowa Fair Housing Act.

3. 180 days to file a complaint.
4. File complaint with the Iowa Civil Rights Commission.
5. For more information, go to the Iowa Civil Rights Commission webpage:
www.state.ia.us/government/crc.

Study Questions: Iowa License Law

1. A partnership or corporation wants to operate a real estate office. Who must hold the real estate license?

2. Name at least five Exemptions to the license requirement (Who doesn't need a real estate license?)

3. Name three reasons why an applicant for a real estate license might be turned down.

4. a. List qualifications for a salesperson b. List qualifications for a broker.

5. A person passes the real estate test on March 2, 2007. When is the last possible day the person can apply for a real estate license.

6. Can a nonresident obtain an Iowa real estate license? Under what conditions?

7. How many licenses must a branch office display?

8. How many brokers can a salesperson work for?

9. Name activities that an unlicensed personal assistant may NOT do.

10. A broker is going out of business. How can he sell his listings to another company?

11. What are the mandatory continuing education requirements for the first renewals? Who is responsible for keeping track and maintaining records?

12. A licensee realized on December 30 that she doesn't have the required number of CE courses completed. She still wants to renew. What should she do?

13. What is the mission of the Commission?

14. Describe the composition of the Real Estate Commission. How are the members appointed and from what counties.

15. Two brokers disagree on a commission split. What are the procedures for filing a complaint with the commission?

16. What are the requirements for a valid listing agreement in Iowa? Can it be oral?

17. A salesperson is planning to leave Broker A to work for Broker B and wants to take his listings with him. Under what conditions can the salesperson take the listings?

18. What does Iowa law say in regard to cooperating with other brokers?

19. How long does a brokerage agreement last?

20. What are the two duties that a licensee must observe after a brokerage agreement is terminated?

21. Is the seller the only party permitted to pay the brokerage fee? Can the broker receive more than one fee?

22. Does the payment of the fee establish an agency relationship?

23. A seller has his house listed with Broker A. Broker B knows that he can do a better job marketing the property. How can Broker B get the listing?

24. At what time during the listing agreement may a licensee place a "For Sale" sign on the listed property?

25. Who does the protective clause protect? What are the requirements if the broker is planning to enforce a protective clause?

26. What is a "net" listing? What two conditions are required in a listing to prevent a net listing?

27. A licensee's neighbor will be overseas for two years. The licensee is planning to find a tenant, collect rents, and to generally be responsible for the property. What document establishes the agency relationship between the owner and the licensee? What must it include?

28. What does the law say about “tying” or “prohibited practices”? Give several examples.

29. What are the two conditions under which a licensee can advertise property in his own name?

30. The Law states that certain disclosures be made in all printed brokerage advertising to guard against “blind ads.” How does the broker avoid “blind ads”? Who is responsible for all advertising?

31. What information must be included on a real estate company web site?

32. What must be included on a company electronic communications?

33. What information must a licensee include on his or her web site?

34. What information must a licensee include on any electronic communications?

35. What, if anything, must a licensee do if the licensee is planning to represent a parent or sibling or any close relative?

36. A licensee wishes to buy a listed property for the licensee’s own personal portfolio. Under what conditions may the licensee make this purchase?

37. Is it permissible to rewrite a contract with a larger purchase price in order to assist the buyer in getting a larger loan?

38. When must a broker actually give a progress report to either party?

39. Before the seller accepts the first offer, his agent receives two more offers. When should the subsequent offers be presented to the seller?

40. Who is responsible for the seller disclosure statement? What must it include? To what properties does it apply?

41. How long must the broker keep a copy of the completed disclosure statement?

42. How many trust accounts must a broker maintain? What are the requirements? How much money may be personal in the account?

43. When must the broker deposit trust funds? Money in a trust account earns a lot of interest. Who gets the interest?

44. Who is responsible for closings? The documents? How long must they be kept?

45. A buyer gives the selling agent \$500 cash as earnest money. How does the selling agent handle the cash in getting the earnest money to the listing broker.

46. A buyer wishes to use a diamond ring as earnest money. May she?

47. The deal falls through, but the broker feels that he earned the commission. Can the broker take his commission out of the earnest money?

48. How soon must a licensee obtain E & O Insurance?

49. Is an inactive licensee required to carry E & O Insurance?

50. List at least 3 ministerial acts that may be performed on behalf of an unrepresented third party.

51. List at least 3 “specific assistance” communications that should be done only with a client.

52. When must the agency disclosure be made? Can it be oral?

53. Define “adverse fact.”

54. What happens to the buyer’s earnest money if the seller decides to back out of the closing?

55. A seller’s agent wants to assist the transaction by helping the buyer (who is not represented) to fill out the offer. Can the agent do this?

56. Is the buyer's agent obligated to perform a property inspection?

57. What are the various agency alternatives which licensees may have with their clients?

58. When must the agency disclosure be made to the sellers? To buyers?

59. Under what conditions can a licensee represent both the buyer and the seller?

60. Discuss "appointed agency" and procedures to implement.

61. Who determines what a company's agency policy is?

62. List at least five reasons why the Real Estate Commission may instigate an investigation.

63. How much notice must the Commission give a licensee before holding a hearing? What if the licensee does not appear?

64. Name at least five penalties that the Commission can impose upon a licensee as disciplinary action.

65. What happens to suspended or revoked licenses? What about the sales person's license if the broker's license is suspended or revoked?

66. What does the law say about lenders paying referral fees to licensees who send buyers to the lenders?

67. What is the effect of delinquent college loans and/or delinquent child support payments?

68. Name the five hazards that are listed on the Groundwater Hazard Statement. Who must sign this form?

Key terms:

broker	tying agreement
license term	dual contracts
Real Estate Commission	property disclosure
real estate education fund	ground water hazard
declaratory ruling	earnest money deposit
E & O insurance	commingling
customer	written agency disclosure
ministerial acts	material adverse fact
client	notice of hearing
agency disclosure	progress report
specific assistance	appointed agency
dual agent	protective clause