



IOWA LICENSING LAW

60 Hour Pre-License

[IOWA CODE 543B](#)
[IOWA CODE 558A](#)
[IOWA ADMINISTRATIVE RULES 193E](#)
[IOWA FAIR HOUSING](#)

This is the Iowa Licensing Laws as provide by Iowa Code & Administrative Rules listed above. This is a revised version however, they can be found in their entirety at <https://plb.iowa.gov/real-estate-sales-brokers/real-estate-license-law-and-rules>. You are ultimately responsible for all the information, yet this guide has been designed for testing purposes only. For more information concerning Fair Housing, visit the Iowa Civil Rights Commission.

Revised 8-4-2020

CHAPTER 543B
REAL ESTATE BROKERS AND SALESPERSONS
SUBCHAPTER I
GENERAL PROVISIONS

License mandatory. A person shall not, with the intention or upon the promise of receiving any valuable consideration, offer, attempt, agree to perform, or perform any single act as a real estate broker whether as a part of a transaction or as an entire transaction, or represent oneself as a real estate broker, broker associate, or salesperson, without first obtaining a license and otherwise complying with the requirements of this chapter.

Broker — definition. “**real estate broker**” means a person acting for another for a fee, commission, or other compensation or promise and who engages directly or indirectly in any of the following acts:

- Sells, exchanges, purchases, rents, or leases real estate.
- Lists, offers, attempts, or agrees to list real estate for sale, exchange, purchase, rent, or lease.
- Advertises or holds oneself out as being engaged in the business of selling, exchanging, purchasing, renting, leasing, or managing real estate.
- Negotiates, or offers, attempts, or agrees to negotiate, the sale, exchange, purchase, rental, or lease of real estate.
- Buys, sells, offers to buy or sell, or otherwise deals in options on real estate or improvements on real estate.
- Collects, or offers, attempts, or agrees to collect, rent for the use of real estate.
- Assists or directs in the procuring of prospects, intended to result in the sale, exchange, purchase, rental, or leasing of real estate.
- Assists or directs in the negotiation of any transaction intended to result in the sale, exchange, purchase, rental, or leasing of real estate.
- Prepares offers to purchase or purchase agreements, listing contracts, 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.

Real estate — definition. “**real estate**” means real property wherever situated and includes any and all leaseholds or any other interest or estate in land, and business opportunities which involve any interest in real property.

Other definitions. As used in this chapter, unless the context otherwise requires:

- “**Agency**” means a relationship in which a real estate broker acts for or represents another by the other person’s express authority in a transaction.
- “**Agency agreement**” means a written agreement between a broker and a client which identifies the party the broker represents in a transaction.
- “**Appointed agent**” means that affiliated licensee who is appointed by the designated broker of the affiliated licensee’s real estate brokerage agency to act solely for a client of that brokerage agency to the exclusion of other affiliated licensees of that brokerage agency.
- “**Branch office**” means a real estate broker’s office other than a principal place of business.
- “**Broker associate**” means a person who has a broker’s license but is licensed under, and employed by or otherwise associated with, another broker as a salesperson.

- **“Brokerage”** means the business or occupation of a real estate broker.
- **“Brokerage agreement”** means a contract between a broker and a client which establishes the relationship between the parties as to the brokerage services to be performed.
- **“Client”** means a party to a transaction who has an agency agreement with a broker for brokerage services.
- **“Customer”** means a consumer who is not being represented by a licensee but for whom the licensee may perform ministerial acts.
- **“Designated broker”** means a licensee designated by a real estate brokerage agency to act for the agency in conducting real estate brokerage services.
- **“Inactive license”** means either a broker or salesperson license certificate that is on file with the real estate commission in the commission office and during which time the licensee is precluded from engaging in any of the acts of this chapter.
- **“Licensee”** means a broker or a salesperson licensed pursuant to this chapter.
- **“Listing”** is an agreement between a property owner and another person in which that person holds or advertises the property to the public as being available for sale or lease.
- **“Material adverse fact”** means an adverse fact that a party indicates is of such significance, or that is generally recognized by a competent licensee as being of such significance to a reasonable party, that it affects or would affect the party’s decision to enter into a contract or agreement concerning a transaction, or affects or would affect the party’s decision about the terms of the contract or agreement. (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.
- **“Moral turpitude”** a legal concept in the United States and some other countries that refers to "conduct that is considered contrary to community standards of justice, honesty or good morals.
- **“Negotiate”** means to act as an intermediary between the parties to a transaction and includes any of the following acts: a. Participating in the parties’ discussion of the terms of a contract or agreement concerning a transaction. b. Completing, when requested by a party, appropriate forms or other written record to document the party’s proposal in a manner consistent with the party’s intent. c. Presenting to a party the proposals of other parties to the transaction and informing the party receiving a proposal of the advantages and disadvantages of the proposal.
- **“Party”** means a person seeking to sell, exchange, buy, or rent an interest in real estate, a business, or a business opportunity. “Party” includes a person who seeks to grant or accept an option to buy, sell, or rent an interest in real estate.
- **“Person”** means an individual, partnership, association, corporation, professional corporation, or professional limited liability company.
- **“Regular employee”** means a person whose compensation is fixed in advance, who does not receive a commission, who works exclusively for the owner, and whose total compensation is subject to state and federal withholding.
- **“Salesperson”** means a person who is licensed under, and employed by or otherwise associated with, a real estate broker, as a selling, renting, or listing agent or representative of the broker.
- **“Transaction”** means the sale, exchange, purchase, or rental of, or the granting or acceptance of an option to sell, exchange, purchase, or rent an interest in real estate.

Acts excluded from provisions — prohibited acts — penalties. The provisions of this chapter shall not apply to the sale, exchange, purchase, rental, lease, or advertising of any real estate in any of the following cases:

1. Individual owner (or spouse) For Sale by Owner
2. Power of Attorney (that includes real estate, not all POA are created equally)

3. A licensed attorney (acting solely as an incident to the practice of law)
4. By court order (receiver, trustee in bankruptcy, administrator, executor, guardian, deed of trust, trust agreement, or will)
5. An auctioneer (must be limited to establishing the time, place, and method of an auction; advertising the auction which shall be limited to a brief description of the property for auction and the time and place for the auction; and crying the property at the auction)
6. An isolated real estate rental on behalf of the owner.
7. The sale of time-share uses.
8. A resident manager who resides in the dwelling and is engaged in the leasing of real property in connection with their employment.
9. An employee of the federal/state government in the conduct of the officer's or employee's official duties.
10. A person employed by a public or private utility when acting on behalf of their employer
11. A non-licensed employee of a licensee who provides information to another or advertising of real estate which has been provided to the employee by the employer licensee either verbally or in writing—Never to the public.

Real estate commission created — staff.

- Created within the professional licensing and regulation bureau of the banking division of the department of commerce.
- Consists of five members licensed (at least one being a salesperson) and two members not licensed under this chapter and who shall represent the general public.
- Appointments shall be for three-year terms and shall commence and end as provided. A member shall serve no more than three terms or nine years, whichever is less.
- No more than one member shall be appointed from a county.

Qualifications (Applicant: Real Estate Broker).

When considering the denial of a license pursuant to this section, shall consider the nature of the offense; any aggravating or extenuating circumstances which are documented; the time lapsed since the revocation, conduct, or conviction; the rehabilitation, treatment, or restitution performed by the applicant; and any other factors the commission deems relevant.

An applicant shall meet the following criteria:

1. Has not been rejected for licensure in this or any other state within twelve months prior to the date of application
2. Has not been revoked in this or any other state within two years prior to date of application.
3. Shall be eighteen years of age or over.
4. An applicant is not ineligible because of citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information.
5. Criminal Conviction (includes a court's acceptance of a guilty plea or deferred judgment) of an offense specified in this subsection shall not be considered for licensure until the following time periods have elapsed following completion of incarceration, payment of a fine or fulfillment of any other type of sentence:
 - a. Felony (forgery, embezzlement, obtaining money under false pretenses, theft, arson, extortion, conspiracy to defraud, or any crime concerning a criminal breach of fiduciary duty) five years.

- b. Moral turpitude, one year.
6. Any kind of professional license revoked or suspended or who has had any other form of discipline imposed, in this or any other jurisdiction.
7. A person who makes a false statement of material fact on an application.
8. Complete at least 60 contact hours of commission approved real estate education within twenty-four months prior to taking the broker examination. (in addition to the required salesperson pre-license course)
9. A licensed real estate salesperson actively engaged in real estate for a period of at least twenty-four months preceding the date of application.
10. Subject to a national criminal history check through the federal bureau of investigation, within 210 calendar days prior to the date the license application.

Nonresident license. A nonresident of this state may be licensed as a real estate broker or a real estate salesperson, by:

- Complying with all requirements of law and with all the provisions and conditions of this chapter
- Filing by the applicant with the real estate commission of a certification from the state of original licensure
- Having no charges against the applicant that are there pending, and
- That applicant's record in that state justifies the issuance of a license to the applicant in Iowa.

The commission may waive the requirement of an examination in the case of a nonresident broker who is licensed under the laws of a state having similar requirements and where similar recognition and courtesies are extended to licensed real estate brokers and salespersons of this state.

Revocation or suspension.

A license to practice the profession of real estate broker and salesperson may be revoked or suspended when the licensee is guilty of any of the following acts or offenses:

- Fraud in procuring a license.
- Having made a false statement of material fact on an application for a real estate broker's or salesperson's license, or having caused to be submitted, or having been a party to preparing or submitting any false application for such license.
- Professional incompetency.
- Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the profession or engaging in unethical conduct or practice harmful or detrimental to the public. Proof of actual injury need not be established.
- Habitual intoxication or addiction to the use of drugs.
- Conviction of an offense (for an indictable offense, includes the court's acceptance of a guilty plea or deferred judgment)
- Fraud in representations as to skill or ability.
- Use of untruthful or improbable statements in advertisements.
- Willful or repeated violations of the provisions of this chapter.
- Noncompliance with insurance requirements.
- Noncompliance with the trust account requirements.

Salespersons — change of employment or association. When any real estate salesperson is discharged or terminates employment with their real estate broker, the real estate broker shall immediately to the real estate commission a copy of the real estate salesperson's license. It is unlawful for any real estate salesperson to perform

any of the acts contemplated by this chapter either directly or indirectly under authority of a license from and after the date of receipt of a copy of the license by the commission. The commission shall, upon presentation of evidence by the salesperson that the salesperson has been employed by or is associated with another broker, issue another license for the balance of the current license period showing each change of employment or association.

Investigations by commission — licensing sanctions — civil penalty. Any unlawful act or violation of any of the provisions of this chapter by any real estate licensee, employee, or associate of a licensed real estate broker, is not cause for the revocation of the license of any real estate broker, unless the commission finds that the real estate broker had guilty knowledge of the unlawful act or violation. If an investigation pursuant to this section reveals that an unlicensed person has assumed to act in the capacity of a real estate broker or real estate salesperson, the commission shall issue a cease and desist order, and shall impose a civil penalty of up to the greater of ten thousand dollars or ten percent of the real estate sale price.

The real estate commission may upon the verified complaint in writing of any person, request commission staff (or any other duly authorized representative) to investigate the actions of any real estate licensee, or other person who assumes to act in such capacity within this state. The commission may assess civil penalties against any person or entity, and may suspend or revoke a license issued under this chapter at any time if the is found to be guilty of any of the following:

- Obtained a real estate license under false representation
- Acting in the capacity of a real estate licensee (broker or salesperson)
- Making any substantial misrepresentation.
- Making any false promise of a character likely to influence, persuade or induce.
- Pursuing a continued and flagrant course of mis-representation
- Making of false promises through agents or salespersons, advertising or otherwise.
- Acting for more than one party in a transaction without the knowledge of all parties for whom the licensee acts. (undisclosed dual agency)
- 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.
- Representing a real estate broker other than the licensee's employer, without the express knowledge and consent of the employer.
- Failing to account for or to remit any moneys coming into the licensee's possession which belong to others.
- Being unworthy or incompetent to act as a real estate broker or salesperson in such manner as to safeguard the interests of the public.
- Paying a commission or other valuable consideration or any part of such commission or consideration for performing any of the acts specified in this chapter to a person who is not a licensed real estate agent.
- Failing to provide information requested by the commission as the result of a formal or informal complaint.
- Any other conduct which demonstrates bad faith, or improper, fraudulent, or dishonest dealings which would have disqualified the licensee from securing a license.

Hearing on charges. The real estate commission shall, before revoking any license, set down for a hearing and at least twenty days prior to the date set for the hearing it shall notify the applicant or licensee in writing, an exact statement of the charges made and the date/place of the hearing. The applicant or licensee at all such hearings shall have the opportunity to be heard in person and by counsel. If such applicant or licensee be a salesperson, the commission shall also notify the broker employing the salesperson.

Dual contracts for sale of real property. A person licensed under this chapter shall not permit the use of two or more written or oral contracts for the same parcel of real estate, one of which is not made known to the prospective loan guarantor (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.

Trust accounts. Each real estate broker who is in the practice of depositing funds in a trust account shall maintain a common trust account in a federally insured depository institution for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker.

All trust accounts maintained by a broker must notify the real estate commission of the FDIC institution, name of account and authorize the real estate commission to examine each trust account. A broker can maintain more than one trust account and the commission shall audit accounts through random samplings for compliance.

- The account shall be an interest-bearing account and interest shall be transferred quarterly to the treasurer of state and transferred to the Iowa Finance Authority for deposit in the housing trust fund unless there is a written agreement between the buyer and seller to the contrary.
- Each broker required to maintain a trust account pursuant to this section shall only deposit trust funds as directed by the principal of a transaction constituting dealing in real estate in the common trust account and shall not commingle the broker's personal funds or other funds in the trust account with the exception that a broker may deposit and keep a sum not to exceed \$1,000 in the account from the broker's personal funds, which sum shall be specifically identified and deposited to cover bank service charges relating to the trust account.

Insurance requirement. The real estate commission shall adopt rules requiring all real estate licensees, except those who hold inactive licenses, carry errors and omissions insurance covering all activities. The rules shall provide insurance requirements within the multi-year licensing structure and require licensees to submit evidence of compliance within twenty calendar days of the commission's request. Failure of a license applicant or licensee to carry the errors and omissions insurance, or to timely submit proof of coverage upon commission request, shall be grounds for the denial of an application for licensure, the denial of an application to renew a license, or the suspension or revocation of a license.

Civil penalty amount. Licensee discipline may include a civil penalty not to exceed two thousand five hundred dollars per violation.

SUBCHAPTER II

RELATIONSHIP BETWEEN LICENSEES AND PARTIES TO TRANSACTIONS

Duties of licensees. In providing brokerage services to all parties to a transaction, a licensee shall do all of the following:

- Provide brokerage services to all parties to the transaction honestly and in good faith.
- Diligently exercise reasonable skill and care in providing brokerage services to all parties.
- Disclose to each party all material adverse facts that the licensee knows except for those material adverse facts known by the party or facts the party could discover through a reasonably diligent inspection.
- Account for all property coming into the possession of a licensee that belongs to any party within a reasonable time of receiving the property.
- Place the client's interests ahead of the interests of any other party, unless loyalty to a client violates the licensee's duties or law.

- Disclose to the client all information known by the licensee that is material to the transaction and that is not known by the client or could not be discovered by the client through a reasonably diligent inspection.
- Fulfill any obligation that is within the scope of the agency agreement, except those obligations that are unlawful.
- Disclose to a client any financial interests the licensee or the brokerage has in any business entity to which the licensee or brokerage refers a client for any service or product related to the transaction. (Affiliated Business Arrangement)
- In providing brokerage services, a licensee shall not do either of the following:
 - a. 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.
 - b. Act in a transaction on the licensee's own behalf, on behalf of the licensee's immediate family or brokerage, or on behalf of an organization or business entity in which the licensee has an interest, unless the licensee has provided written disclosure of the interest to all parties to the transaction.

Brokerage agreements. The purpose of this section is to promote the protection of the public by establishing minimum standards expected by the public in reliance upon the professional work product of real estate licensees. A brokerage agreement shall specify that the broker shall, at a minimum, do the following:

- Accept delivery of and present to the client offers and counteroffers to buy, sell, rent, lease, or exchange the client's property or the property the client seeks to purchase or lease.
- Assist the client in developing, communicating, negotiating, and presenting offers or counteroffers until a rental agreement, lease, exchange agreement, offer to buy or sell, or purchase agreement is signed, all contingencies are satisfied and the transaction is completed.
- Answer the client's questions relating to the brokerage agreements, listing agreements, offers, counteroffers, notices, and contingencies.
- Provide prospective buyers access to listed properties.

Confirmation and disclosure of relationship. A licensee shall not represent any party or parties to a transaction or otherwise as a licensee unless that licensee makes an agency disclosure to the party or parties represented by the licensee.

For purposes of this section, "specific assistance" means eliciting or accepting confidential information about a party's real estate needs, motivation, or financial qualifications, or eliciting or accepting information involving a proposed or preliminary offer associated with specific real estate. "Specific assistance" does not mean an open house showing, preliminary conversations concerning price range, location, and property styles, or responding to general factual questions concerning properties which have been advertised for sale or lease.

- The disclosure required shall be made by the licensee at the time the licensee provides specific assistance to the client. A change in a licensee's representation requires that a new disclosure be made immediately.
- A written disclosure is required to be made to the client prior to an offer being made or accepted and acknowledged by separate signatures of the party or parties represented by the licensee prior to any offer being made or accepted by any party to a transaction.
- A statement of which party is the licensee's client or, if the licensee is providing brokerage services to more than one client, a statement of all persons who are the licensee's clients.
- A statement of the licensee's duties to the licensee's client.
- The seller, in the listing agreement, may authorize the seller's licensee to disburse part of the licensee's compensation to other licensees, including a buyer's licensee solely representing the buyer. The obligation

of either the seller or the buyer to pay compensation to a licensee is not determinative of the agency relationship.

Licensees representing more than one client in a transaction. A licensee shall not be the agent for both a buyer and a seller to a transaction without obtaining the written consent of both the buyer and the seller.

- The written consent shall state that the licensee has made a full disclosure of the type of representation the licensee will provide and a statement of the licensee's duties, and a statement that the clients understand the licensee's duties and consent to the licensee's providing brokerage services to more than one client.

Appointed agents within a firm. When entering into a brokerage agreement, a designated broker may notify a client in writing of those affiliated licensees within the real estate brokerage agency who will be acting as appointed agents of that client to the exclusion of all other affiliated licensees within the real estate brokerage agency.

- A real estate brokerage agency and a designated broker are not considered to be dual agents solely because of an appointment. However, an affiliated licensee who personally represents both the seller and the buyer in a particular transaction is considered to be a disclosed dual agent.

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, shall contain a statement of that agreement.

Prohibited practices — business referral disclosures. The purpose of this section is to prohibit licensee practices that interfere with contractual arrangements, place improper restrictions on consumer choice, compromise a licensee's fiduciary obligations, and create conflicts of interest.

For purposes of this section, "consumer" shall include parties or prospective parties to a real estate transaction, clients or prospective clients of a licensee, or customers or prospective customers of a licensee.

- A licensee shall not request a referral fee after a bona fide offer to purchase is accepted.
- A licensee shall not request a referral fee after a bona fide listing agreement has been signed.
- A licensee shall not participate in any marketing plan that requires a consumer to receive brokerage services, including referral services, from two or more licensees in a single real estate transaction, as a required condition for the consumer to receive either brokerage services from one or more of such licensees or a rebate, prize, or other inducement from one or more such licensees.
- An Iowa licensee is prohibited from participating in any marketing plan with a person who is licensed in the real estate business in another state or foreign country.
- A licensee or person licensed in another state or foreign country who conducts business in this state or refers business to a licensee in this state shall disclose in writing to the consumer and to the licensee to whom they are referring business, the name of the consumer being referred, the name of the referring company, and the amount of compensation they are receiving for the referral.

CHAPTER 558A

REAL ESTATE DISCLOSURES

Procedures. A person interested in transferring real property, or a broker or salesperson acting on behalf of the person, shall deliver a written disclosure statement to a person interested in being transferred the real property.

- The disclosure statement must be delivered prior to either the transferor making a written offer for the transfer of the real property or accepting a written offer for the transfer of the real property. (seller's property disclosure)
- The disclosure statement shall be made by personal delivery, certified or registered mail, or electronic delivery to the transferee or to the transferee's agent. If delivery is electronic, acknowledgment of receipt shall be provided. (seller's property disclosure)
- If the disclosure statement is not timely delivered, the transferee may withdraw the offer or revoke the acceptance without liability, within three days following personal delivery of the statement or five days following electronic delivery or delivery by mail. (seller's property disclosure)
- The disclosure statement may be filed with the county recorder with instruments affecting the transfer of real estate. However, the failure to file the statement shall not cause a defect in the title to the property. (groundwater hazard statement)

Good faith and amendments. All information required by this section and rules adopted by the commission shall be disclosed in good faith.

The information is based on information of a public agency, including the state, a political subdivision of the state, or the United States. The information shall be deemed to be accurate and complete, unless the transferor or the broker or salesperson has actual knowledge of an error, inaccuracy, or omission, or fails to exercise ordinary care in obtaining the information.

IOWA ADMINISTRATIVE CODE 193E

ADMINISTRATION

The mission of the Iowa real estate commission is to protect the public through the examination, licensing, and regulation of real estate brokers, salespersons, Real Estate Brokers and Salespersons, Sales of Subdivided Land Outside of Iowa, Time-Shares. The commission is a policy-making body with authority to promulgate rules for the regulation of the real estate industry consistent with all applicable statutes

Commission rules on the denial of the issuance or renewal of license based on nonpayment of child support obligations or student loan may be found in the uniform rules for the professional licensing and regulation division.

DEFINITIONS

- **“Additional license”** means any officer or partner license(s) issued based upon and dependent or contingent upon the primary or main officer or partner license but assigned to a different corporation or partnership.
- **“Advance fees”** means any fees charged for services to be paid in advance of the rendering of such services: any fees charged for listing, advertising, or offering for sale or lease any real property, but excluding any fees paid solely for advertisement in a newspaper of general circulation.
- **“Affiliated licensee”** means a broker associate or salesperson, who is under the supervision of a broker.
- **“Buyer”** includes a purchaser, tenant, vendee, lessee, party to an exchange, or grantee of an option.
- **“Commission”** means the real estate commission.
- **“Common source information companies”** means any individual, corporation, limited liability company, business trust, estate, trust, partnership, association, or any other legal entity (except any government or governmental subdivision or agency, or any officer or employee thereof acting in such individual’s official capacity) that is a source, compiler, or supplier of information regarding real estate for sale or lease and other data and includes, multiple listing services.
- **“Confidential information”** Shall include, but not be limited to, the following: • Information concerning the client that, if disclosed to the other party, could place the client at a disadvantage when bargaining; • That the seller or landlord is willing to accept less than the asking price or lease price for the property; • That the buyer or tenant is willing to pay more than the asking price or lease price for the property; • The motivating factors for the party selling or leasing the property; • The motivating factors for the party buying or leasing the property; • That the seller or landlord will agree to sale, lease, or financing terms other than those offered; • That the buyer or tenant will agree to sale, lease, or financing terms other than those offered; • The seller’s or landlord’s real estate needs; • The buyer’s or tenant’s real estate needs; • The seller’s or landlord’s financial information, except that the seller’s ability to sell and the landlord’s ability to lease are considered a material fact; • The buyer’s or tenant’s financial qualifications, except that the buyer’s ability to buy and the tenant’s ability to lease are considered a material fact. 2. Does not include “material adverse facts” 3. Shall not be disclosed unless: • The client to whom the information pertains provides informed written consent to disclose the information; • The disclosure is required by statute or regulation, or failure to disclose the information would constitute fraudulent representation; • The information is made public or becomes public by the words or conduct of the client to whom the information pertains or from a source other than the licensee; or • The disclosure is necessary to defend the licensee against an accusation of wrongful conduct in an actual or threatened judicial proceeding, an administrative proceeding before the commission, or in a proceeding before a professional committee.
- **“Dual agent”** means a licensee who, with the written informed consent of all the parties to a contemplated real estate transaction, has entered into a brokerage agreement with and therefore represents the seller and buyer or both the landlord and tenant in the same in-house transaction.
- **“Firm”** means a licensed partnership, association, limited liability company, or corporation.
- **“Listing broker”** means the real estate broker who obtains a listing of real estate or of an interest in a residential cooperative housing corporation.
- **“Ministerial acts”** include 1. Responding to general telephone inquiries by consumers as to the availability and pricing of brokerage services; 2. Responding to general telephone inquiries from a consumer concerning the price, facts and features, or location of property; 3. Attending an open house and responding to general questions from a consumer about the facts and features of the property; 4. Setting an appointment to view property; 5. Responding to general questions of consumers walking into a licensee’s office concerning brokerage services offered or the facts and features of particular properties; 6. Accompanying an appraiser, inspector, contractor, or similar third party on a visit to a property; 7. Describing

the facts and features of a property or the property's condition in response to a consumer's inquiry; 8. Completing business or factual information for a consumer on an offer or contract to purchase on behalf of a client; 9. Showing a client through a property being sold by an owner; or 10. Referring a person to another broker or service provider.

- **“Principal broker”** means a broker who is either a real estate proprietor, a partner in a real estate partnership, or an officer in a real estate corporation.
- **“Seller”** includes an owner, landlord, vendor, lessor, party to an exchange, or grantor of an option. Selected rules in these chapters will at times refer separately to “sellers” and “landlords” to clarify licensees’ duties and obligations.
- **“Selling broker”** means a real estate broker who finds and obtains a buyer in a transaction.
- **“Single agent”** means a licensee who represents only one party in a real estate transaction. A single agent includes a broker and any affiliated broker associates or salespersons representing a party exclusively or nonexclusively, regardless of whether the single agent be all affiliated broker associates or salespersons, or only the identified broker associates or salespersons, or a group of identified broker associates or salespersons.
- **“Seller’s agent”** which means a licensee who represents the seller in a real estate transaction;
- **“Sole-proprietor broker”** means an individual or single license broker who privately owns and manages a real estate company.
- **“Specific assistance”** means any communication beyond casual conversation concerning the facts and features of a property which occurs prior to the point of discussing price range or any specific, financial qualifications of the buyer or tenant, or selling or buying motives or objectives of the seller or buyer, or tenant or landlord, or 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 the party’s bargaining position.
- **“Subagent”** means a broker and a broker’s 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
- **“Undisclosed dual agent”** means a licensee representing two or more clients in the same transaction whose interests are adverse without the knowledge and informed consent of the clients.

BROKER LICENSE APPLICATION REQUIREMENTS

- A person whose application for licensure has not been rejected in this or any other state or jurisdiction within 12 months prior to the date of application.
- A person whose real estate license has not been revoked in this or any other state within two years prior to the date of application.
- Shall be 18 years of age or older.
- An applicant is not ineligible because of citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information.
- An applicant for a real estate broker’s license who has been convicted of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud, or another similar offense, or of any crime involving moral turpitude.
- An applicant who has had a professional license of any kind revoked in this or any other jurisdiction may be denied a license by the commission on the grounds of the revocation.
- Shall complete at least 60 classroom hours of commission-approved real estate education within 24 months prior to taking the broker examination.

- Actively licensed and engaged in real estate for a period of at least 24 months preceding the date of application. (An applicant may submit a waiver of commission rules or substitution of experience)
- Passes a qualifying broker examination will receive a passing score report and an application form for licensure from the testing service. (and apply by the last working day of the sixth calendar month following the qualifying real estate examination)
- A completed a background check (within 210 calendar days of the completion of the criminal history check)
- 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.

Broker continuing education requirements.

- Complete a minimum of 36 hours of approved programs, courses or activities. The continuing education must be completed during the three calendar years of the license term and cannot be carried over to another license term.
- Brokers and broker associates renewing shall complete approved courses in the following subjects to renew to active status: Law Update: 8 hours, Ethics: 4 hours, Electives: 24 hours.
- A license may be renewed without the required continuing education, but it can only be renewed to inactive status. Prior to reactivating a license, the licensee must submit evidence that all deficient continuing education hours have been completed.

Renewing a broker license. Brokers who fail to renew a real estate license before expiration are not authorized to practice as real estate brokers in Iowa. Termination of a broker's authority to practice real estate in Iowa automatically terminates the authority of all salespersons employed by or assigned to the broker.

The commission shall grant an application to renew a broker's license if:

- The application is timely received by the commission by December 31, or within the 30-day grace period after expiration.
- The application is accompanied by the regular renewal fee and, if received by the commission, or postmarked, after midnight December 31 but prior to midnight January 30, is accompanied by a penalty of \$25.
- The application is fully completed with all necessary information, including proper disclosure of required continuing education and errors and omissions insurance.
- The application fails to reveal grounds to deny a license, such as their vocation of a license in another jurisdiction or a criminal conviction.
- Renewal applications received by the commission, or postmarked, after midnight January 30 shall be treated as applications to reinstate an expired license.
- Renewal applications which do not report completion of required continuing education, but which are otherwise timely and sufficient and accompanied with the proper fee, shall be renewed in inactive status.
- An application to renew may be denied. The administrative processing of an application to renew shall not prevent the later initiation of a contested case to challenge a licensee's qualifications for licensure.
- An inactive or suspended license must be timely renewed or it shall expire. The status of a license does not affect the requirement to renew.

Reinstatement of an expired broker license. A real estate broker who fails to renew or file a completed renewal application by midnight January 30 of the first year following expiration may reinstate the license within three years of expiration by submitting a complete and sufficient application accompanied by the regular renewal fee and an additional reinstatement fee of \$25 for each partial or full month following expiration. From the date of expiration to the date of reinstatement, the broker is not authorized to practice as a real estate broker in Iowa.

- An application to reinstate an expired broker license must report that the broker either fully satisfied all required continuing education or has retaken and passed the broker examination.
- A broker who fails to reinstate an expired license by December 31 of the third year following expiration shall be treated as if the former broker had never been licensed in Iowa. Such a former broker must start over in the licensing process and first qualify and apply for a salesperson license.
- An application may be denied. The administrative processing of an application shall not prevent the later initiation of a contested case to challenge a licensee's qualifications for licensure.

SALESPERSON LICENSE

General requirements for salesperson license. A person who is licensed under and employed by or otherwise associated with a real estate broker or firm is a "salesperson".

- A salesperson license cannot be issued to inactive status.
- A salesperson must be assigned to a licensed broker or firm and cannot conduct business independently.
- The salesperson license is issued to the custody of the broker. If the salesperson is terminated, or terminates the employment or association, the license must be returned to the commission. It is unlawful for that salesperson to perform any acts requiring a real estate license. If the license is transferred, the salesperson may work immediately for the new broker.
- An applicant for a real estate salesperson license must be a person whose application for licensure has not been rejected in this or any other state or jurisdiction within 12 months prior to the date of application, and whose real estate license has not been revoked in this or any other state within two years prior to the date of application.
- Shall be 18 years of age or older.
- An applicant is not ineligible because of citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information.
- An applicant for a real estate salesperson license who has been convicted of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud, or another similar offense, or of any crime involving moral turpitude.
- An applicant for a real estate salesperson license who has had a professional license of any kind revoked in this or any other jurisdiction may be denied a license by the commission on the grounds of the revocation.
- To be eligible to take the examination, the applicant must complete the 60 classroom or computer-based hours of real estate principles and practices during the 12 months prior to taking the examination. The applicant must also provide evidence of successful completion of the following courses: 12 hours of Developing Professionalism and Ethical Practices, 12 hours of Buying Practices and 12 hours of Listing Practices. The applicant must complete all the required pre-license education during the 12 months prior to the date of application.

Application for salesperson license. An applicant who passes a qualifying salesperson examination will receive a passing score report and an application form for licensure from the testing service. An applicant who passes a qualifying examination and applies for a license must file with the commission a completed application with license fee, proof of required education, and score report not later than the last working day of the sixth calendar month following the qualifying real estate examination.

- The completed application must be received within 210 calendar days of the completion of the criminal history check.
- A salesperson license is 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.
- An application may be denied. The administrative processing of an application shall not prevent the later initiation of a contested case to challenge a licensee's qualifications for licensure.

Salesperson continuing education requirements.

- Each salesperson shall complete a minimum of 36 hours of approved programs, courses or activities. The continuing education must be completed during the three calendar years of the license term and cannot be carried over to another license term.
- Salespersons renewing licenses shall complete approved courses in the following subjects to renew to active status: Law Update: 8 hours, Ethics: 4 hours, Electives: 24 hours.
- A salesperson license may be renewed without the required continuing education, but it may only be renewed to inactive status. Prior to reactivating a license which has been issued inactive due to failure to submit evidence of continuing education, the licensee must submit evidence that all deficient continuing education hours have been completed.

Renewing a license. To remain authorized to act as a real estate salesperson, a salesperson must renew a real estate license before the expiration date of the license. Salespersons who fail to renew a real estate license before expiration are not authorized to practice as real estate salespersons in Iowa.

The commission generally mails renewal application forms or reminders to salespersons in the November preceding license expiration, the failure of the commission to mail an application form or reminder or the failure of a salesperson to receive an application form or reminder shall not excuse the salesperson from the requirement to timely renew.

The commission shall grant an application to renew a salesperson license if:

- The application is timely received by the commission by December 31, or within the 30-day grace period after expiration.
- The application is accompanied by the regular renewal fee and, if received by the commission, or postmarked, after midnight December 31, but prior to midnight January 30, is accompanied by a penalty of \$25.
- The application is fully completed with all necessary information, including proper disclosure of required continuing education and errors and omissions insurance.
- The application fails to reveal grounds to deny a license, such as a criminal conviction or the revocation of a license in another jurisdiction.
- Renewal applications received by the commission, or postmarked, after midnight January 30 shall be treated as applications to reinstate an expired license under rule.

Reinstatement of an expired salesperson license. A real estate salesperson who fails to renew or fails to file a complete renewal application form by midnight January 30 of the first year following expiration may reinstate the license within three years of expiration by submitting a complete and sufficient application accompanied by the regular renewal fee and an additional reinstatement fee of \$25 for each partial or full month following expiration. to the date of reinstatement, the salesperson is not authorized to practice as a real estate salesperson in Iowa.

- An application to reinstate an expired salesperson license must report that the salesperson either fully satisfied all required continuing education or has retaken and passed the salesperson examination
- A salesperson who fails to reinstate an expired license by December 31 of the third year following expiration shall be treated as if the former salesperson had never been licensed in Iowa. Such a former salesperson must start over in the licensing process and qualify and apply for a salesperson license.
- An application may be denied. The administrative processing of an application shall not prevent the later initiation of a contested case to challenge a licensee's qualifications for licensure.

LICENSEES OF OTHER JURISDICTIONS AND RECIPROCITY

Licensure by reciprocity. The commission may, enter into specific written reciprocal licensing agreements or memorandums with other individual states or jurisdictions having similar licensing requirements and grant an Iowa license to licensees from those states or jurisdictions on the same basis as Iowa licensees are granted licenses by those states or jurisdictions.

- The applicant shall not be a resident of Iowa.
- A license issued pursuant to this rule must be based upon a nonresident salesperson or broker license issued by examination.
- A license issued pursuant to this rule must be assigned to the same broker or firm as the nonresident license upon which it is based.
- If an applicant establishes residency in Iowa, that person does not qualify for licensure by reciprocal licensing agreement or memorandum.
- A reciprocity agreement or memorandum of understanding is only a method to apply for licensure and does not grant any exception to mandatory license laws of Iowa or the other state or jurisdiction.
- An Iowa licensee wishing to obtain a license in any other state or jurisdiction should contact that state's or jurisdiction's licensing board for information and applications.
- If the broker or salesperson has moved into Iowa and no longer qualifies for reciprocity, the expired license must be reinstated in the same manner as a license issued by examination for brokers and for salespersons.
- Every member or officer of the firm and every employee or associated real estate licensee who acts as a real estate broker, broker associate, or salesperson in Iowa must apply for and be granted an Iowa license.
- A nonresident broker or firm is not required to maintain a definite place of business in Iowa if that broker or firm maintains an active place of business within the resident state or jurisdiction.

TERMINATION AND TRANSFER

Terminating employment or association. When a licensee is discharged by the affiliated broker or the licensee terminates the employment or association with the affiliated broker, the licensee shall immediately cease all activities that require an active real estate license until such time as a new affiliated broker makes written request for the license and the license is reassigned to the new affiliated broker. When a broker discharges a salesperson, the licensee terminates association with a broker or the license is lost, the releasing broker shall make reasonable effort to ensure that the commission receives the license within 72 hours of the discharge date.

Immediate transfer of license and required transfer form. All requests for immediate transfer of license must be made on the required license transfer form available from the commission. The license transfer form shall only be used for transferring the license from the affiliated broker to a new affiliated broker. The immediate license transfer

process involves three steps, and each step must be correctly completed in the proper order to qualify as a valid transfer. The steps are as follows:

- Step1. The transferring licensee must obtain certain identifying information and the signature of a new employing or affiliating broker.
- Step2. If a new affiliating broker has completed and signed step1 of the Application to Transfer, the releasing broker shall, within 48 hours, make every reasonable effort to sign and return the form to the requesting licensee. The releasing broker shall retain copies for records to demonstrate compliance.
- Step3. The transferring licensee must sign the transfer form, certifying that the information on the form is true and correct and acknowledging that providing false information would be a violation, which could result in disciplinary action against the license.

OFFICES AND MANAGEMENT

Real estate offices and licenses required.

- Every Iowa resident real estate firm or self-employed broker shall maintain an office for the transaction of business in the state of Iowa, which shall be open to the public during business hours or by appointment.
- A nonresident Iowa real estate broker or firm is not required to maintain a definite place of business within Iowa, provided the nonresident broker or firm maintains an active place of business within the state or jurisdiction of domicile.
- It shall be acceptable for more than one broker to operate in an office at the same address if each broker maintains all records and trust accounts separate from all the others.
- A licensed Iowa real estate firm or sole-proprietor broker maintaining a branch office shall display a commission-issued branch office license in that location. The branch office license is issued in the name of the firm or sole-proprietor broker and shall include the license number and the physical address of the branch office.
- A licensed officer of a corporation or partnership may be licensed as an officer or partner of more than one corporation or partnership.
- When a branch office closes, notice in writing, electronic or otherwise, shall be given to the commission.
- Each actively licensed broker associate and salesperson shall be licensed under a broker.
- A broker associate or salesperson shall not be licensed under more than one broker during the same period of time.

Notification required. The following are prima facie evidence of a violation of Iowa Code:

- Partnerships, associations, and corporations are required to obtain a license before acting as a real estate broker.
- Failure of a broker to inform the commission in writing, electronic or otherwise, within five working days of a change of address of a proprietorship, partnership, or corporation.
- Failure of a broker to return a license or make a reasonable effort to deliver, mail, or electronically submit the license to the commission office to ensure that it is received within 72 hours after a salesperson or broker associate is discharged or terminates employment.
- Failure of a licensee to inform the commission in writing, electronic or otherwise, within five working days of a change of residence address or mailing address.

- When a broker is notified that a license is inactive, suspended, revoked, or canceled, the broker shall make a reasonable effort to deliver, mail, or electronically submit the license to ensure that the license is received by the commission within 72 hours after notification.

Suspended and revoked licenses. A suspended or revoked license must be returned to the commission.

- As of the effective date of a suspended or revoked license, the licensee shall not engage in any activity that requires a real estate license.
- When a sole-proprietor broker, corporation or partnership license is suspended or revoked, all licensees associated with or assigned to that sole-proprietor broker, corporation or partnership shall automatically be placed on inactive status for the duration of the suspension or revocation, unless transferred to another sole-proprietor broker, corporation or partnership.
- A licensee whose license is suspended or revoked may receive compensation during the period of suspension or revocation only for those acts performed and for which compensation was earned when the person was actively licensed prior to the effective date of the suspension or revocation. This rule does not determine if a licensee is entitled to compensation; such entitlement would depend upon the licensee's written employment or association agreement with the former affiliated broker and a matter of contract law.
- All listings and property management agreements must be canceled by the broker whose license is suspended or revoked upon receipt of the order of revocation or suspension and prior to the effective date of the order. The broker may not sell any agreements, clients may enter into a new brokerage agreement with another broker of choice.
- A broker whose license is suspended or revoked may not finalize any pending closings. This responsibility must be given to another broker, an attorney, a financial institution, or an escrow company. All parties must give written approval and be advised of all fact concerning the situation such as where trust moneys will be held.
- A broker whose license is suspended or revoked is prohibited from advertising real estate in any manner as a broker. All advertising, including but not limited to signs, must be removed or covered within ten calendar days after the effective date of the suspension or revocation.
- The real estate brokerage telephone must not be answered in any manner to indicate the broker is active in the real estate business.

Prohibited practices. For purposes of this rule only the term "real estate licensee" shall mean "real estate broker or real estate salesperson". A licensee participating in any of the practices described in this rule shall be deemed to be engaging in unethical conduct and a practice harmful or detrimental to the public. The following are examples of tying agreements, which would violate Antitrust laws as well as Iowa code.

- An arrangement in which a real estate licensee requires or conditions, in connection with the sale of a lot, that the real estate licensee receive from the homebuilder an exclusive right to sell or list the house to be constructed on the lot.
- 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.
- An arrangement in which a real estate licensee, in connection with the sale of a lot to a consumer or homebuilder, requires the consumer or homebuilder to pay a commission on the value of the house to be constructed on the lot.
- Any arrangement pursuant to 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.

- 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 to build the house to be constructed on the lot.
- Any arrangement in which a real estate licensee enters into an agreement with a mortgage broker, bank, savings and loan, or other financial institution pursuant to which the making of a loan is directly or indirectly conditioned upon payment of a real estate commission to the real estate licensee or where the financial institution benefits by granting loans
- An Iowa licensee is prohibited from participating in any such marketing plan with a person who is licensed or otherwise authorized to engage in the real estate business in another state or foreign country.

Loan finder fees. The acceptance of a fee or anything of value by a real estate licensee from a lender or financing company for the referral or steering of a client to the lender for a loan shall be considered not in the best interest of the public and shall constitute a violation.

Lotteries prohibited. Licensees shall not engage in lotteries and schemes of sales involving selling of certificates, chances or other devices, whereby the purchaser is to receive property to be selected in an order to be determined by chance or by some means other than the order of prior sale.

Broker required to furnish 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 shall furnish a detailed statement showing the current status of the transaction.

Disclosure of licensee interest, acting as a principal, and status as a licensee. 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, including an affiliated business arrangement, unless the licensee provides written disclosure of that interest to all parties to the transaction. This includes inactive licensees. The licensee shall not act in a dual capacity of agent and undisclosed principal in any transaction.

Financial interest disclosure required. A licensee must disclose to a client any financial interest the licensee or brokerage has in any business entity to which the licensee or brokerage refers a client for any service or product related to the transaction, also known as an Affiliated Business Arrangement.

Agency-designated broker responsibilities. The following conditions and circumstances, together with the education and experience of licensed and unlicensed employees and independent contractors, shall be considered when determining whether or not the designated broker has met the supervisory responsibilities.

- Availability of the designated broker/designee to assist and advise regarding brokerage-related activities
- General knowledge of brokerage-related staff activities
- Availability of quality training programs and materials to licensed and unlicensed employees and independent contractors;
- Supervisory policies and practices in the review of competitive market analysis, listing contracts, sales contracts and other contracts or information prepared for clients and customers
- Frequency and content of staff meeting;
- Written company policy manuals for licensed and unlicensed employees and independent contractors
- Ratio of supervisors to licensed employees and independent contractors
- Assignment of an experienced licensee to work with new licensees.

Supervision required. An employing or affiliated broker is responsible for providing supervision of any salesperson or broker associate employed by or otherwise associated with the broker as a representative of the broker.

- Each salesperson and broker associate shall keep the broker fully informed of all activities being conducted on behalf of the broker and any other activities that might impact the broker's responsibilities. However, the failure of the salesperson or broker associate to keep the broker fully informed shall not relieve the broker of duties, obligations or responsibilities required by law.
- A broker who sponsors a salesperson during the salesperson's first year of licensure must be able to demonstrate that the broker has the time available and experience necessary to adequately supervise an inexperienced salesperson.

Commission controversies. The commission will not and is not authorized by law to consider or conduct hearings involving disputes over fees or commissions between cooperating brokers, salespersons, and other brokers.

Support personnel for licensees; permitted and prohibited activities. Whenever a licensee affiliated with a broker engages support personnel to assist the affiliated licensee in the activities of the real estate brokerage business, both the firm or sponsoring broker and the affiliated licensee are responsible for supervising the acts or activities of the personal assistant; however, the affiliated licensee shall have the primary responsibility for supervision.

Any real estate brokerage firm or broker that allows an affiliated licensee to employ, or engage under an independent contractor agreement, support personnel to assist the affiliated licensee in carrying out brokerage activities must comply with the following:

- Implement a written company policy authorizing the use of support personnel by licensees
- Specify in the written company policy, any duties that the support personnel may perform on behalf of the affiliated licensee
- Ensure that the affiliated licensee and the support personnel receive copies of the duties that support personnel may perform.

While individual and designated brokers shall be responsible for supervising the real estate-related activities of all support personnel, an affiliated licensee employing a personal assistant shall have the primary responsibility for supervision of that personal assistant. A broker shall not be held responsible for inadequate supervision if:

- The unlicensed person violated a provision of commission rules that is in conflict with the supervising broker's specific written policies or instructions
- Reasonable procedures have been established to verify that adequate supervision was being provided
- The broker, upon hearing of the violation, attempted to prevent or mitigate the damage
- The broker did not participate in the violation
- The broker did not attempt to avoid learning of the violation.

Permitted activities (unlicensed) include, but are not limited to, the following:

- Answer the telephone, provide information about a listing to other licensees, and forward calls from the public to a licensee;
- Submit data on listings to a multiple listing service;
- Check on the status of loan commitments after a contract has been negotiated;
- Assemble documents for closings;
- Secure documents that are public information from the courthouse and other sources available to the public;
- Have keys made for company listings;
- Write advertisements and promotional materials for the approval of the licensee and supervising broker;
- Place advertisements in magazines, newspapers, and other media as directed by the supervising broker;

- Record and deposit earnest money, security deposits, and advance rents, and perform other bookkeeping duties;
- Type contract forms as directed by the licensee or the supervising broker;
- Monitor personnel files;
- Compute commission checks;
- Place signs on property;
- Order items of routine repair as directed by a licensee;
- Act as courier for such purposes as delivering documents or picking up keys. The licensee remains responsible for ensuring delivery of all executed documents required by Iowa law and commission rules;
- Schedule appointments with the seller or the seller's agent in order for a licensee to show a listed property;
- Arrange dates and times for inspections;
- Arrange dates and times for the mortgage application, the preclosing walk-through, and the closing;
- Schedule an open house;
- Perform physical maintenance on a property; or
- Accompany a licensee to an open house or a showing and perform the following functions as a host or hostess: 1. Open the door and greet prospects as they arrive; 2. Hand out or distribute prepared printed material; 3. Have prospects sign a register or guest book to record names, addresses and telephone numbers; 4. Accompany prospects through the home for security purposes and not answer any questions pertaining to the material aspects of the house or its price and terms.
- Independently host open houses for tours attended by licensed brokers and salespersons only.

Prohibited activities (unlicensed) include, but are not limited to, the following:

- Making cold calls by telephone or in person or otherwise contacting the public for the purpose of securing prospects for listings, leasing, sale, exchanges, or property management;
- Independently hosting open houses, kiosks, home show booths, or fairs attended by the public;
- Preparing promotion materials or advertisements without the review and approval of licensee and supervising broker;
- Showing property independently;
- Answering any questions on title, financing, or closings (other than time and place);
- Answering any questions regarding a listing except for information on price and amenities expressly provided in writing by the licensee;
- Discussing or explaining a contract, listing, lease, agreement, or other real estate document with anyone outside the firm;
- Negotiating or agreeing to any commission, commission split, management fee, or referral fee on behalf of a licensee;
- Discussing with the owner of real property the terms and conditions of the real property offered for sale or lease;
- Collecting or holding deposit moneys, rent, other moneys or anything of value received from the owner of real property or from a prospective buyer or tenant;
- Providing owners of real property or prospective buyers or tenants with any advice, recommendations or suggestions as to the sale, purchase, exchange, rental, or leasing of real property that is listed, to be listed, or currently available for sale or lease
- Holding one's self out in any manner, orally or in writing, as being licensed or affiliated with a particular firm or real estate broker as a licensee.

Information provided by non-licensed support personnel restricted. Non-licensed support personnel may, on behalf of the employer licensee, provide information concerning the sale, exchange, purchase, rental, lease, or advertising of real estate only to another licensee.

Presenting purchase agreements. All written offers to purchase received by a listing broker or listing agent shall be promptly presented to the seller for formal acceptance or rejection. The formal acceptance or rejection of the offer shall be promptly communicated to the prospective buyers. Unless there is written agreement between the seller and the listing broker directing otherwise, the listing broker shall be required to present back-up offers until the transaction has closed.

- A customer's agent seeking compensation from the listing broker shall not prepare an offer to purchase on the property without first obtaining authorization and agreement from the listing broker.
- A real estate licensee shall not induce another to seek to alter, modify, or change another licensee's fee or commission for real estate brokerage services without that licensee's prior written consent.
- Immediately upon receiving an offer to purchase signed and dated by the buyer with consideration, if any, the listing agent shall provide a copy of the offer to purchase to the buyer as a receipt.
- A customer's agent or representative shall not negotiate directly or indirectly with a seller or buyer, or landlord or tenant, if the agent knows, or acting in a reasonable manner should have known, that the seller or buyer, or landlord or tenant, has a written unexpired listing or brokerage agreement for services on an exclusive basis.
- A listing agent shall not refuse to permit a customer's agent or representative to be present at any step in a real estate transaction including, but not limited to, viewing a property, seeking information about a property, or negotiating directly or indirectly with an agent about a property listed by such agent; and no agent shall refuse to show a property listed by that agent or otherwise deal with a represented customer who requests that the customer's agent or representative be present at any step in the real estate transaction, except as provided in this sub-rule.
 - The customer's agent or representative does not have the right to be present at any discussion of confidential matters or evaluation of the offer by the seller and the listing agent.
 - Unless the seller provides written instructions to the listing agent to exclude a customer's agent or representative from being present when the offer is presented, it is not unlawful for the customer's agent or representative to be present.
 - Compliance with this rule does not require or obligate a listing broker to share any commission or to otherwise compensate a customer's agent.

CLOSING A REAL ESTATE BUSINESS

Closing a real estate firm. The following steps are required for the voluntary closing of a real estate brokerage firm. The individual broker or the designated broker shall:

- Notify the commission in writing upon closing the firm. The following information may be included: the date the firm closed or will close; the location where records and files will be stored for a minimum of five years; and the name, address, and telephone number of the custodian who will be storing the records and files;
- Notify all licensees associated with the firm in writing of the effective date of the closing. The former affiliated broker shall make every effort to return the licenses to the commission within the required 72 hours

- Notify all listing and management clients as well as parties and co-brokers to existing contracts, in writing, advising of the date the firm will close. All listing and management clients must be advised in writing that they may enter into a new listing or management agreement with the broker of their choice;
- Remove all advertising signs from all properties that were listed with or managed by the firm. Arrange to cancel all advertising in the name of the firm, including office signs, Internet, and telephone listing advertisements;
- Maintain all escrow or trust accounts until all moneys are transferred to the lending institution, an escrow company or an attorney for closing of the transaction, or are otherwise properly disbursed as agreed to in writing by the parties having an interest in the funds; and
- Arrange for pending contracts to be closed by a lending institution, an escrow company or an attorney. In the case of a sale, transfer or merger of an existing brokerage, the acquiring broker may close the pending transactions acquired from the selling broker after having first obtained the express written consent of all parties to the transactions.

Involuntary closing of a sole-proprietor brokerage. Upon the death or disability of a sole-proprietor broker in which the affairs of the broker cannot be carried on, the following steps are required for closing the real estate brokerage business:

- All licensees associated with the broker must cease all brokerage activity until their licenses have been transferred to another broker;
- The executor or legal representative of the broker's estate, if an attorney or a broker, may conclude pending business
- The administrator or executor of the broker's estate or the legal representative of the broker may follow the procedures established for voluntary closing.

ADVERTISING

Advertising. A broker shall not advertise to sell, buy, exchange, rent, or lease property in a manner indicating that the offer to sell, buy, exchange, rent, or lease the property is being made by a private party not engaged in the real estate business.

- Real estate advertising shall not be misleading or deceptive or intentionally misrepresent any property, terms, values, or policies and services of the brokerage.
- All advertising shall be conducted under the supervision of the broker.
- A licensed firm advertising or marketing on the Internet controlled by the licensed firm must include the following: the firm's name as registered with the commission (abbreviations are not permitted); the city and state in which the firm's main office is located; and the states in which the firm holds a real estate brokerage license.
- A licensee advertising or marketing on the Internet, including but not limited to email, that is either owned by or controlled by the licensee must include the following data on each page of the site on which the licensee's advertisement or information appears:
 - a. The licensee's name
 - b. The name of the firm with which the licensee is affiliated as that firm name is registered with the commission (abbreviations are not permitted);
 - c. The city and state in which the licensee's office is located and
 - d. The states in which the licensee holds a real estate broker or salesperson license.

Advertising under own name. Salespersons and broker associates are prohibited from advertising under their own names unless they are the owners of the property they are advertising for sale, rent, lease or exchange, and on which no brokerage fees are to be paid. (For Sale by Owner)

Signs on property. Placing a sign on any property offering it for sale, rent, lease, or exchange without the written consent of the owner shall not be considered in the best interest of the general public.

BROKERAGE AGREEMENTS AND LISTINGS

Listing brokerage agreements. All listing agreements shall 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, and the signatures of all parties concerned and a definite expiration date.

The agreement 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 (Automatic Extension Agreement). An exclusive agency or exclusive right to sell listing shall clearly indicate that it is such an agreement.

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

A licensee shall not solicit or enter into a listing or brokerage agreement with an owner if the licensee knows or has reason to know that the owner has a written unexpired exclusive agency or exclusive right to sell listing agreement to the property 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. The licensee may inform the owner that the owner must allow the current listing to expire or obtain a mutually acceptable cancellation from the listing broker before any further discussion can take place.

Enforcing a protective clause. To enforce a protective clause beyond the expiration of an exclusive listing contract, there must be:

- A provision for the protective clause in the listing contract
- Establish a definite protection period
- In writing and prior to the expiration of the listing, the broker must furnish to the listing party the names and available contact information of persons to whom the property was presented during the active term of the listing and for whom protection is sought.

Brokerage agreements. All brokerage agreements shall be written and cannot be assigned, sold, or otherwise transferred to another broker without the express written consent of all parties to the original agreement, unless the terms of the agreement state otherwise.

Upon termination of association or employment with the principal broker, the affiliated broker associate or salesperson shall not take or use any written brokerage agreements secured during the association or employment. Said brokerage agreements remain the property of the principal broker and may be canceled only by the broker and the client.

All listing contracts and all brokerage agency contracts shall contain a statement disclosing the brokerage policy on cooperating with and compensating other brokerages whether the brokerage is acting as subagent or the other

parties' agent in the sale, lease, rental, or purchase of real estate, including whether the brokerage intends to share the compensation with other brokerages.

- The relationships shall commence at the time of the brokerage agreement and shall continue until closing of the transaction or performance or completion of the agreement by which the broker was engaged within the term of the agreement.
- 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: any date of expiration agreed upon by the parties or any termination by written agreement of the parties.
- A broker or brokerage engaged as a seller's or landlord's agent, buyer's or tenant's agent, subagent, or dual agent and affiliated licensees shall have the duty after termination, expiration, completion, or performance of the brokerage agreement to:
 - Account for all moneys and property related to and received during the engagement
 - Keep confidential all information received during the course of the engagement which was made confidential by request or instructions from the engaging party or is otherwise confidential by statute or rule.
- 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 a commission or compensation between brokers. Payment of compensation shall not be construed to determine or establish an agency relationship.
 - a) A broker may be compensated by more than one party for services in a transaction if the parties have consented in writing to such multiple payments prior to entering into a contract to buy, sell, lease, or exchange.
 - b) A licensee shall not accept, receive or charge an undisclosed commission for a transaction.
 - c) A licensee shall not give or pay an undisclosed commission to any other licensee for a transaction, except payment for referrals to other licensees, including franchise affiliates, to provide real estate brokerage services, if there is no direct or beneficial ownership interest of more than 1 percent in the business entity providing the service.
 - d) A licensee shall not give any undisclosed credit against commission due from a client or licensee to any party to a transaction.
 - e) A licensee shall not accept, receive or charge any undisclosed payments for any services provided by any third party to any party to a transaction including, but not limited to, payments for procuring insurance or for conducting a property inspection related to the transaction.
- A commission split agreement between brokers should be a separate document and not included in the purchase agreement. A purchase agreement should not be made contingent upon the selling broker's receiving a certain percentage of the listing broker's commission.

Distribution of 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. It shall be the responsibility of the licensee to prepare sufficient copies of such instruments to satisfy this requirement. The broker shall retain copies for five years.

DISCLOSURE OF RELATIONSHIPS

Written company policy required. The written company policy shall identify and describe the types of real estate brokerage relationships in which the broker and affiliated licensees may engage with seller, landlord, buyer, or tenant as a part of any real estate brokerage business activities, regardless of the types of agency relationships offered.

Disclosure of agency.

- A licensee shall not represent any party or parties to a real estate transaction unless that licensee makes disclosure to all required parties to the transaction identifying which party or parties that licensee represents in the transaction.
- The disclosure required must be made verbally by the licensee prior to the licensee's providing specific assistance to the client or non-represented customer.
- The written disclosure is required to be made to the buyer or tenant prior to any offer, lease, or rental agreement being made or signed by the buyer or tenant, and prior to any offer, lease, or rental agreement being signed or accepted by the seller or landlord.
- A licensee may work with and establish different types of agency relationships with the same client, in separate transactions. Examples of different agency relationships with the same client in separate transactions include, but are not limited to, the following:
 - A licensee acting as a listing or seller's agent selling a property in one transaction and also working with and representing this same person in another transaction as a buyer's agent in the purchase of a different property.
 - A licensee may act as a dual agent in either of the separate transactions, or both, with the written permission of the parties to the specific transaction and if the broker or brokerage has a written company policy that includes disclosed dual agency for in-house transactions or same agent transactions.

Single agent representing a seller or landlord. A licensee representing a seller or landlord as an exclusive seller's agent or an exclusive landlord's agent shall have the following duties and obligations:

Perform the terms of the written agreement made with the seller or landlord

Exercise reasonable skill and care for the seller or landlord

Promote the interests of the seller or landlord with the utmost care, integrity, honesty, and loyalty, including but not limited to the following:

- 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 is subject to a contract for sale or to seek additional offers to lease the property while the property is subject to a lease or letter of intent to lease;
- 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 for sale or lease or a letter of intent to lease, unless it is provided for by the brokerage agreement;
- Disclosing to the seller or landlord all material adverse facts concerning the property and the transaction that are actually known by the licensee;
- Advising the client to obtain expert advice as to material matters about which the licensee knows but the specifics of which are beyond the expertise of the licensee;
- Preserving the seller's or landlord's confidential information, unless disclosure is required by law or unless failure to disclose such information would constitute fraud or dishonest dealing, including but not limited to the following:
 - Information concerning the seller or the landlord that, if disclosed to the other party, could place the seller or landlord at a disadvantage when bargaining
 - That the seller or landlord is willing to accept less than the asking price or lease price for the property

- What the motivating factors are for the client's selling or leasing the property
- That the seller or landlord will agree to sale, lease, or financing terms other than those offered
- The seller's or landlord's real estate needs
- The seller's or landlord's financial information
- Accounting in a timely manner for all money and property received;
- Providing brokerage services to all parties to the transaction honestly and in good faith;
- Complying with any applicable federal, state, or local laws, rules, or ordinances, including fair housing and civil rights statutes and regulations.

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 or obligation to the seller or landlord.

Single agent representing a buyer or tenant. A licensee representing a buyer or tenant as an exclusive buyer's or an exclusive tenant's agent shall have the following duties and obligations:

Perform the terms of any written agreement made with the client

Exercise reasonable skill and care for the client

Promote the interests of the client with the utmost good faith, loyalty, and fidelity, including but not limited to the following:

- 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 to purchase property, or to a lease or letter of intent to lease, unless it is provided for by the brokerage agreement;
- Presenting all written offers to and from the client in a timely manner regardless of whether the client is already a party to a contract to purchase property or is already a party to a contract or letter of intent to lease;
- Disclosing to the buyer or tenant material adverse facts concerning the property and the transaction that are actually known by the licensee
- Advising the buyer or tenant to obtain expert advice on material matters about which the licensee knows but the specifics of which are beyond the expertise of the licensee
- Preserving the buyer's or tenant's confidential information unless disclosure is required by law or unless failure to disclose such information would constitute fraud or dishonest dealing, including but not limited to the following:
 - Information concerning the buyer or the tenant that, if disclosed to the other party, could place the client at a disadvantage when bargaining
 - That the buyer or tenant is willing to pay more than the asking price or lease price for the property
 - What the motivating factors are for the party's buying or leasing the property
 - That the buyer or tenant will agree to sale, lease, or financing terms other than those offered
 - The buyer's or tenant's real estate needs
 - The buyer's or tenant's financial qualifications
- Accounting in a timely manner for all money and property received
- Providing brokerage services to all parties to the transaction honestly and in good faith;
- Complying with any applicable federal, state, or local laws, rules, and ordinances, including fair housing and civil rights statutes and regulations.

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 buyers or tenants without breaching any duty or obligation to the buyer or tenant.

Disclosed dual agent. A brokerage which has a company policy that permits disclosed dual agency for in-house transactions shall provide a disclosed dual agency consent agreement to the client or prospective client prior to engaging in any activities of a dual agent. If any seller, landlord, buyer, or tenant rejects dual agency, or refuses to sign consent to dual agency, the licensee shall not act as a dual agent. The dual agency consent agreement shall comply with the requirement to inform the prospective clients that they are not required to consent to dual agency representation.

A dual agent shall not disclose to one client confidential information about the other client and shall preserve a seller's or a landlord's, or a buyer's or a tenant's, confidential information, unless such information would constitute fraud or dishonest dealing, or disclosure is authorized by express instruction. A dual agent does not terminate the dual agency relationship by making the disclosures required or permitted by the dual agency consent agreement. Confidential information shall include, but not be limited to, the following:

Information concerning a seller or landlord that if disclosed to the buyer or tenant could place that seller or landlord at a disadvantage when bargaining

Information concerning a buyer or tenant that if disclosed to the seller or landlord could place that buyer or tenant at a disadvantage when bargaining:

- That the seller or landlord is willing to accept less than the asking price or rent or lease price for the property
- That the buyer or tenant is willing to pay more than the asking price or rent or lease price for the property
- What the motivating factors are for client's selling, renting, or leasing the property
- What the motivating factors are for the client's buying, renting, or leasing the property
- That the seller or landlord will agree to sale, rent, lease, or financing terms other than those offered
- That the buyer or tenant will agree to sale, rent, lease, or financing terms other than those offered
- The seller's or landlord's real estate needs
- The buyer's or tenant's real estate needs
- The seller's or landlord's financial information
- The buyer's or tenant's financial qualifications.

A dual agency consent agreement shall:

- Fairly and accurately describe the type of representation the licensee will provide each client
- Contain a statement of the licensee's duties
- Disclose to the client all material adverse facts concerning the property that are actually known by the licensee.
- Inform the clients that representing more than one party to a transaction may present a conflict of interest
- Inform the clients that they are not required to consent to dual agency;
- Include a statement that the clients understand the licensee's duties and consent to the licensee's providing brokerage services to more than one client.
- The commission recommends use of the following sample language to satisfy the required disclosure regarding conflict of interest: "Representing more than one party to a transaction can create a conflict of interest since both clients may rely upon the broker's advice and the clients' respective interests may be

adverse to each other. Broker will endeavor to be impartial between seller and buyer and will not represent the interest of either the seller or buyer to the exclusion or detriment of the other”

- A brokerage which has a company policy that permits disclosed dual agency for in-house transactions and that elects to use a potential dual agency agreement shall provide the agreement to the client or prospective client prior to engaging in any activities of a dual agent.
- The potential dual agency agreement should be provided to the seller or landlord prior to entering into a listing agreement or a contract for seller or landlord brokerage services.
- The potential dual agency agreement should be provided to the buyer or tenant prior to entering into a buyer or tenant agency agreement or a contract for buyer or tenant brokerage services.
- 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 buyer or tenant prior to the buyer’s or tenant’s signing an offer to purchase or a rental or lease agreement. The buyer or tenant may accept or reject dual agency at this point in the transaction.

Appointed agents within a brokerage. Iowa Code authorizes a designated broker 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. A licensee may not disclose, except to the licensee’s designated broker, information made confidential by request or instructions of the client the licensee is representing or otherwise confidential by statute or rule, except information allowed by this chapter or required to be disclosed by law.

Appointed agent procedures and disclosure. Prior to entering into a listing or 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, at a minimum, the following provisions:

- a) The name of the appointed agent(s);
- b) A statement that the appointed agent will be representing the client as the client’s agent and will owe the client duties
- c) A statement that the brokerage may be representing both the seller and the buyer in connection with the sale or purchase of real estate;
- d) A statement that other affiliated licensees 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 or as by agreement between the designated broker and the client. An appointment of another affiliated licensee or an additional affiliated licensee does not relieve the first appointed agent of any of the duties owed to the client. At any time of the appointment of the new or additional agents, the designated broker must comply with the provisions of this rule
- e) A provision for the client to consent or not consent in writing to the appointment.

Licensee’s duty to designated broker or designee. A licensee shall keep the brokerage’s designated broker or that broker’s designee fully informed of all activities conducted on behalf of the brokerage and shall notify the designated broker or that broker’s designee of any other activities that might impact on the responsibility of the designated broker or that broker’s designee.

TRUST ACCOUNTS AND CLOSINGS

Trust account. All earnest payments, all rents collected, property management funds, and other trust funds received by the broker shall be deposited in a trust account maintained by the broker in an identified trust account, with the word "trust" in the name of the account, in a federally insured bank, savings and loan association, savings bank, or credit union located in Iowa and, for the purposes of this rule, may be referred to as the "depository."

This shall include, but not be limited to, receipts from property management contracts; rental or lease contracts; advance fee contracts; escrow contracts; collection contracts; earnest money contracts; or money received by a broker for future investment or other purpose.

- 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 that the last signature of acceptance of the offer to purchase, rent, lease, exchange, or option is obtained.
- A broker shall not commingle personal funds in a trust account; provided, however, that not more than \$1,000 of the broker's personal funds may be maintained in each separate account if:
 - 1) such personal funds are separately accounted for and
- such personal funds are intended to be used by the broker to pay for expenses directly related to maintaining the account. The broker shall ensure that personal funds are deposited to cover bank service charges and that at no time are trust moneys used to cover any charges.
- Money held in the trust account, which becomes due and payable to the broker, shall be promptly withdrawn by the broker.
- The broker shall not use the trust account as a business operating account or for personal use. Commissions, salaries, related items and normal business expenses shall not be disbursed directly from the trust account.

2) Unless there is a written agreement between all parties to the transaction to the contrary, all interest earned on the trust account shall be transferred on a calendar quarter basis to the state.

3) With disclosure to and the written agreement of all parties, a trust account may bear interest to be disbursed to the buyer or seller involved in a real estate purchase, or the property owner, if the property management or rental contract contains this specific provision, a third party if requested by the parties to the contract and agreed to by the broker.

4) Each broker required to maintain a trust account shall maintain at all times a record of each account, as required by these rules, in the place of business.

5) Funds, including interest on trust funds, shall only be disbursed from the trust account by the terms and conditions of the contract or escrow agreement. No funds shall be disbursed from the trust account prior to the closing, or other than as provided by the terms of the escrow agreement, without the informed written consent of all the parties. In the event of a dispute over the return or forfeiture of an earnest money deposit or the disbursement of an escrow deposit held by a broker, the broker shall continue to hold the deposit in the trust account until one of the following conditions is met:

- The broker is in receipt of a written release from all parties to the transaction consenting to the disposition of the deposit or escrow funds
- The broker is in receipt of a final judgment of the court directing the disposition of the deposit or escrow funds
- There is a final decision of a binding alternative dispute resolution process, or mediation directing the disposition of the deposit or escrow funds

- A civil court action is filed by one or more of the parties to determine the disposition of the deposit or escrow funds, at which time the broker may seek court authorization to pay the deposit or escrow funds into court.

6) 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. The broker shall pursue any claim for commission or compensation against the broker's client.

Closing transactions. It shall be mandatory for every broker to deliver to the seller in every real estate transaction, at the time the transaction is consummated, a complete detailed statement, showing all of the receipts and disbursements handled by the broker. 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.

- The broker shall retain all trust account records and a complete file, which shall include but not be limited to the records required on each transaction for a period of at least five years after the date of the closing.
- The listing broker shall be responsible for the closing even though the closing may be completed by another licensee.
- If the closing transaction is handled through an unlicensed escrow agent and the escrow agent renders a closing statement, the listing broker shall ensure that funds which the broker has received or paid as part of the transaction are accounted for properly.
- In the case of a cooperative sale between brokers, the listing broker may elect to close the transaction or, by prior agreement, authorize the selling broker to close.
- If the listing broker so elects, the selling broker shall have the buyer make the earnest money check or money order payable to the listing broker and shall immediately deliver the earnest money check or money order along with the offer to purchase to the listing broker or listing agent.
- Any means 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.

Upon written request of a buyer or seller, a nonlawyer may select, prepare, and complete documents for use incident to a residential real estate transaction of four units or less. Such documents shall be limited to:

- Offers to purchase or purchase agreements, provided the parties are given written notice that these are binding legal documents and competent legal advice should be sought before signing
- Groundwater hazard statements
- Declaration of value forms:
- Nonlawyers may not charge for preparation of the legal documents authorized by the court rule. Nonlawyers shall not select, prepare or complete: Deeds; Real estate installment sales contracts;
- Affidavits of identity or nonidentity;
- Affidavits of payment of spousal or child support
- Any other documents necessary to correct title problems or deficiencies.

Salesperson shall not handle closing. 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.

Consent to return earnest money not required. When an offer to purchase is withdrawn or the acceptance is revoked without liability, any earnest money deposit shall be promptly returned to the buyer without delay. The

seller's consent and agreement to release the funds is not required. A copy of the written revocation or withdrawal shall be retained with the trust account supporting documents.

File record keeping. Every broker shall retain for a period of at least five years true copies of all business books; accounts, including voided checks; records; contracts; closing statements; disclosures; signed documents; the listing; any offers to purchase; and all correspondence relating to each real estate transaction that the broker has handled and each property managed.

SELLER PROPERTY CONDITION DISCLOSURE

Property condition disclosure requirement. For purposes of this chapter, "transfer" means the transfer or conveyance of real estate by sale, exchange, real estate contract, or any other method by which real estate and improvements are purchased, including rental or lease agreements which contain any option to purchase, if the property includes at least one but no more than four dwelling units unless the transfer is exempted by Iowa Code.

1) At the time a licensee obtains a listing, the listing licensee shall obtain a completed disclosure signed and dated by each seller represented by the licensee.

- A licensee representing a seller shall deliver the executed statement to a potential buyer, a potential buyer's agent, or any other third party who may be representing a potential buyer, prior to the seller's making a written offer to sell or the seller's accepting a written offer to buy.
- The licensee representing a seller shall attempt to obtain the buyer's signature and date of signature on the statement and shall provide the seller and the buyer with fully executed copies of the disclosure and maintain a copy of the written acknowledgment in the transaction file. If the licensee is unable to obtain the buyer's signature, the licensee shall obtain other documentation establishing delivery of the disclosure and maintain the written documentation in the transaction file.
- If the transaction closes, the listing broker shall maintain the completed disclosure statement for a minimum of five years.

2) A licensee representing a buyer in a transfer shall notify the buyer of the seller's obligation to deliver the property disclosure statement.

- If the disclosure statement is not delivered when required, the licensee shall notify the buyer that the buyer may revoke or withdraw the offer.
- If a buyer elects to revoke or withdraw the offer, the licensee shall obtain a written revocation or withdrawal from the buyer and shall deliver the revocation or withdrawal to the seller within three days following personal delivery or five days following delivery of the disclosure by mail to the buyer.
- Following revocation or withdrawal of the offer, any earnest money deposit shall be promptly returned without liability.

3) A written report or opinion prepared by a person qualified to render the report or opinion may be included in a disclosure statement. A report may be prepared by, but not limited to, the following persons provided that the content of the report or opinion is within the specified area of expertise of the provider: a land survey or licensed a geologist; a structural pest control operator or a qualified building contractor.

- The seller must identify the required disclosure items which are to be satisfied by the report.
- If the report is prepared for the specific purpose of satisfying the disclosure requirement, the preparer of the report shall specifically identify the items of the disclosure which the report is intended to satisfy.

- A licensee representing a seller shall provide the seller with information on the proper use of reports if reports are used as part of the disclosure statement.

4) A licensee's obligations with respect to any amended disclosure statement are the same as the licensee's obligations with respect to the original disclosure statement. A disclosure statement must be amended if information disclosed is or becomes inaccurate or misleading or is supplemented unless one of the following exceptions applies:

- The information disclosed is subsequently rendered inaccurate as a result of an act, occurrence, or agreement subsequent to the delivery of the disclosure statement.
- The information disclosed is based on information of a public agency, including the state, a political subdivision of the state, or the United States.

5) All property disclosure statements, whether or not a licensee assists in the transaction, shall contain at a minimum the information required by the following sample statement. No particular language is required in the disclosure statement provided that the required disclosure items are included and the disclosure complies. To assist real estate licensees and the public, the commission recommends use of the following sample language:

RESIDENTIAL PROPERTY SELLER DISCLOSURE STATEMENT

Property address:

PURPOSE: Use this statement to disclose information as required by Iowa Code chapter 558A. This law requires certain sellers of residential property that includes at least one and no more than four dwelling units to disclose information about the property to be sold. The following disclosures are made by the seller(s) and not by any agent acting on behalf of the seller(s).

INSTRUCTIONS TO SELLER(S): 1. Seller(s) must complete this statement. Respond to all questions, or attach reports allowed by Iowa Code section 558A; 2. Disclose all known conditions materially affecting this property; 3. If an item does not apply to this property, indicate that it is not applicable(N/A); 4. Please provide information in good faith and make a reasonable effort to ascertain the required information. If the required information is unknown or is unavailable following a reasonable effort, use an approximation of the information, or indicate that the information is unknown(UNK). All approximations must be identified as approximations(AP); 5. Additional pages may be attached as needed; 6. Keep a copy of this statement with your other important papers.

- 1) Basement/Foundation: Any known water or other problems? Yes [] No []
- 2) Roof: Any known problems? Yes [] No [] Any known repairs? Yes [] No [] If yes, date of repairs/replacement: ____/____/____
- 3) Well and Pump: Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____ Any known water tests? Yes[] No[] If yes, date of last report: ____/____/____ and results: _____
- 4) Septic Tanks/Drain Fields: Any known problems? Yes[] No[] Location of tank: Date tank last cleaned: ____/____/____
- 5) Sewer System: Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____
- 6) Heating System(s): Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____
- 7) Central Cooling System(s): Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____
- 8) Plumbing System(s): Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____
- 9) Electrical System(s): Any known problems? Yes[] No[] Any known repairs? Yes[] No[] If yes, date of repairs/replacement: ____/____/____
- 10) Pest Infestation (e.g., termites, carpenter ants): Any known problems? Yes[] No[] If yes, date(s) of treatment: ____/____/____ Any known structural damage? Yes[] No[] If yes, date(s) of repairs/replacement: ____/____/____
- 11) Asbestos: Any known to be present in the structure? Yes[] No[] If yes, explain:

- 12) Radon: Any known tests for the presence of radon gas? Yes No If yes, date of last report: ____/____/____ and results:
- 13) Lead-Based Paint: Any known to be present in the structure? Yes No
- 14) Flood Plain: Do you know if the property is located in a flood plain? Yes No If yes, what is the flood plain designation?
- 15) Zoning: Do you know the zoning classification of the property? Yes No If yes, what is the zoning classification?
- 16) Covenants: Is the property subject to restrictive covenants? Yes No
If yes, attach a copy or state where a true, current copy of the covenants can be obtained:
- 17) Shared or Co-Owned Features: Any features of the property known to be shared in common with adjoining land owners, such as walls, fences, roads, and driveways whose use or maintenance responsibility may have an effect on the property? Yes No Any known "common areas" such as pools, tennis courts, walk ways, or other are as co-owned with others, or a Homeowner's Association which has any authority over the property? Yes No
- 18) Physical Problems: Any known settling, flooding, drainage or grading problems? Yes No
- 19) Structural Damage: Any known structural damage? Yes No

You MUST explain any "YES" response(s) above. Use the back of this statement or additional sheets as necessary: SELLER(S) DISCLOSURE:

Seller(s) discloses the information regarding this property based on information known or reasonably available to the Seller(s). The Seller(s) has owned the property since ____/____/____. The Seller(s) certifies that as of the date signed this information is true and accurate to the best of my/our knowledge. Seller(s) acknowledges requirement that Buyer(s) be provided with the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Public Health.

Seller Signature

Seller Date ____/____/____ Date ____/____/____

BUYER(S) ACKNOWLEDGMENT: Buyer(s) acknowledges receipt of a copy of this Real Estate Disclosure Statement. This statement is not intended to be a warranty or to substitute for any inspection Buyer(s) may wish to obtain. Buyer(s) acknowledges receipt of the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Public Health.

Buyer Signature

Buyer Date ____/____/____ Date ____/____/____

The seller is exempt from completing the seller's disclosure on the basis that:

- The property contains no dwelling units (bare lot) or more than 4 dwelling units
- A transfer between joint tenants or tenants in common
- A transfer to a spouse or a direct descendant of the Seller
- A transfer by a power of attorney
- A transfer between divorcing spouses
- A transfer made pursuant to a court order, such a foreclosure
- Seller is an estate, conservatorship or trust
- Transfer between or to government bodies
- A transfer by quit claim deed

PROPERTY MANAGEMENT

Property management. A licensee shall not rent or lease real estate, offer to rent or lease real estate, negotiate or offer or agree to negotiate the rental or leasing of real estate, list or offer to list real estate for the leasing or rental of real estate, assist or direct in the negotiation of any transaction calculated or intended to result in the leasing or rental of real estate or show property to prospective renters or lessees of real estate unless the licensee's broker holds a current written property management agreement or other written authorization signed by the owner of the real estate or the owner's authorized agent.

1) Every property management agreement or other written authorization between a broker and an owner of real estate shall include, but not be limited to, the following:

- Proper identification of the property to be managed.
- All terms and conditions under which the property is to be managed and the powers and authority given to the broker by the owner.
- Terms and conditions under which the broker will remit property income to the owner and when the broker will provide periodic written statements of property income and expenses to the owner, which shall be done no less than annually.
- Which payments of property-related expenses are to be made by the broker to third parties.
- Amount of fee or commission to be paid to the broker and when it will be paid.
- Amount of security deposits and prepaid rents to be held by the broker or the owner.
- Effective date of the agreement.
- Terms and conditions for termination of the property management agreement by the broker or the owner of the property.
- Signatures of the broker and owner or the owner's authorized agent.

2) The licensee shall give the owner or the owner's authorized agent a legible copy of every written property management agreement or written authorization at the time the signature of the owner is obtained, and the licensee's broker shall retain a copy.

3) A licensee who is managing the leasing or rental of real estate may act as an agent in the sale or exchange of that real estate only if the property management agreement clearly grants the specific authorization and contains all of the required elements for a listing or if a separate listing agreement is secured.

4) The broker shall deposit all funds received on behalf of the owner, by no later than five banking days after receipt of the funds, into a trust account maintained by the broker, under the broker's control and in compliance.

5) If the property management agreement is terminated or transferred for any reason, the property manager:

- Shall terminate the management activities of the property as provided in the agreement and except as otherwise provided by the agreement
- Shall notify the owner and any tenants of the property of the termination
- Shall provide the owner, not later than 30 days after the effective date of the termination, with any unobligated funds due the owner under the agreement and not later than 60 days after the effective date of the termination, provide the owner with a final accounting of the owner's ledger account, the amount of any obligated funds held in the property manager's client trust account under the agreement, a statement that explains why obligated funds are being held by the property manager and a statement of when and to whom the obligated funds will be disbursed by the property manager
- May disburse any unobligated funds only to the owner or, with the proper written authorization of the owner, to another property manager designated in writing by the owner

- Shall immediately notify each tenant that the conditionally refundable deposit will be transferred to the owner or to a new property manager and, at the same time, provide the name and address of the owner or the new property manager to whom these deposits will be transferred.

6) Financial dealings under a property management agreement shall be conducted subject to the following:

- A check shall not be issued or presented for payment prior to sufficient funds being in the owner's account to cover the check.
- Transfers of funds between two or more accounts maintained for the same owner may be made if proper entries are made on the ledgers of the accounts affected and the broker maintains the specific written authorization of the owner. Transfers of funds between an individual owner's accounts must be done by writing billings and receipts debiting and crediting the appropriate accounts. Transfers may not be done by ledger entries alone.
- The broker shall not withdraw, pay or transfer money from the owner's account in excess of the remaining credit balance at the time of withdrawal, payment or transfer.
- Management fees must be withdrawn from the owner's account at least once a month unless the agreement provides otherwise. The fees shall be identified by property name or account number for which the fees were earned and withdrawn by the broker and deposited into the broker's business operating account. Fees may not be paid directly from the owner's trust account to the broker.
- Conditionally refundable deposits shall be placed in a trust account until refund is made or until all or a portion of the deposit accrues to the owner under the tenant's agreement. If refundable deposits are not maintained in a separate trust account, the running balance of the account shall not, at any time, go below the total of the refundable deposits being held in the account.
- The total of balances of the individual property management accounts of the broker must equal the balance shown on the journal, the account ledgers, and the reconciled bank balance of the broker. All accounts and records must be in compliance.
- Except as otherwise specifically allowed if refundable deposits and funds are received from others pursuant to a property management agreement, deposited in an interest-bearing trust account, and there is not a separate written agreement to pay the interest earned to the owner or tenant, the interest shall be paid to the state. The property manager shall not receive or benefit from the interest. The written approval agreement shall be signed by each party having an interest in the funds, fully disclosing how the funds are to be handled by the property manager, who will benefit from the interest earnings, how and when interest earnings will be paid and any limitations that may be provided for on the withdrawal of the funds deposited in the interest-bearing trust account.

INVESTIGATIONS AND DISCIPLINARY PROCEDURES

Disciplinary and investigative authority. The commission is empowered to administer Iowa Code and related administrative rules for the protection and well-being of those persons who may rely upon licensed individuals for the performance of real estate services within this state or for clients in this state.

Grounds for discipline. The commission may initiate disciplinary action against a licensee on any of the following grounds:

- A violation of the rules of professional and business conduct or Iowa Code
- Failure to comply with an order of the commission imposing discipline.

- Continuing to practice real estate with an expired or inactive license, or without satisfying the continuing education or the errors and omissions insurance.
- Knowingly aiding or abetting a licensee, license applicant or unlicensed person in committing any act or omission which is ground for discipline under this rule or otherwise knowingly aiding or abetting the unlicensed practice of real estate in Iowa.
- Failure to fully cooperate with a licensee disciplinary investigation, including failure to respond to a commission inquiry within 14 calendar days of the date of mailing by certified mail of a written communication directed to the licensee's last address on file at the commission office.
- A violation of one or more of the acts or omissions upon which civil penalties may be imposed.

Initiation of disciplinary investigations. The commission may initiate a licensee disciplinary investigation upon the commission's receipt of information suggesting that a licensee may have violated a law or rule enforced by the commission which, if true, would constitute a ground for licensee discipline.

Complaints. Written complaints may be submitted to the commission office by mail, E-mail, facsimile, or personal delivery by any member of the public with knowledge of possible law or rule violations by licensees. Timely filing is encouraged to ensure the availability of witnesses and to avoid initiation of an investigation under conditions which may become substantially altered during a period of delay, shall contain the following information:

- a) The full name, address, and telephone number of the complainant (person complaining).
 - b) The full name, address, and telephone number of the respondent (licensee against whom the complaint is filed).
 - c) A statement of the facts and circumstances giving rise to the complaint, including a description of the alleged acts or omissions which the complainant believes demonstrates that the respondent has violated or is violating laws or rules enforced by the commission.
 - d) If known, citations to the laws or rules allegedly violated by the respondent.
 - e) Evidentiary supporting documentation.
 - f) Steps, if any, taken by the complainant to resolve the dispute with the respondent prior to filing a complaint.
 - g) The address of the property involved.
- The role of the commission in the disciplinary process is to protect the public by investigating complaints and initiating disciplinary proceedings in appropriate cases. The commission possesses decision-making authority throughout the disciplinary process, including the authority to determine whether a case will be investigated, the manner of the investigation, whether a disciplinary proceeding will be initiated, and the appropriate licensee discipline to be imposed, if any.
 - All written complaints received by the commission shall be initially screened by the commission's administrator or designated staff to determine whether the allegations of the complaint fall within the commission's investigatory jurisdiction and whether the facts presented, if true, would constitute a basis for disciplinary action against a licensee.
 - Complaints which are clearly outside the commission's jurisdiction, which clearly do not allege facts upon which disciplinary action would be based, or which are frivolous may be closed by the commission administrator or may be referred by the commission administrator to the commission for closure at the next scheduled commission meeting.
 - A complaint may be amended or withdrawn at any time prior to official notification of the respondent and thereafter at the sole discretion of the commission. The commission may choose to pursue a matter even after a complaint has been withdrawn.

Investigation procedures.

- Upon the referral of a complaint from the commission's administrator or from the full commission, the committee shall determine whether the complaint presents facts which, if true, suggest that a licensee may have violated a law or rule enforced by the commission.
- If the committee concludes that the complaint does not present facts which suggest such a violation or that the complaint does not otherwise constitute an appropriate basis for disciplinary action, the committee shall refer the complaint to the full commission with the recommendation that it be closed with no further action.
- If the committee determines that the complaint does present a credible basis for disciplinary action, the committee may either immediately refer the complaint to the full commission recommending that a disciplinary proceeding be commenced or initiate a disciplinary investigation.
- If the committee determines that additional information is necessary or desirable to evaluate the merits of a complaint, the committee may assign an investigator or expert consultant, appoint a peer review committee, provide the licensee an opportunity to appear before the disciplinary committee for an informal discussion or request commission staff to conduct further investigation.
- The commission is authorized in connection with a disciplinary investigation to issue subpoenas to compel witnesses to testify or persons to produce books, papers, records and any other real evidence, whether or not privileged or confidential under law, which the commission deems necessary as evidence in connection with a disciplinary proceeding or relevant to the decision of whether to initiate a disciplinary proceeding.

Informal discussion. If the disciplinary committee considers it advisable, or if requested by the affected licensee, the committee may grant the licensee an opportunity to appear before the committee for a voluntary informal discussion of the facts and circumstances of an alleged violation, subject to the provisions of this rule.

Closing complaint files. Upon the recommendation of the administrator, the recommendation of the disciplinary committee, or on its own motion, the commission may close a complaint file, with or without prior investigation.

Initiation of disciplinary proceedings. Disciplinary proceedings may only be initiated by the affirmative vote of a majority of a quorum of the commission at a public meeting. Commission members who are disqualified shall not be included in determining whether a quorum exists. When two or more members of the commission are disqualified or otherwise unavailable for any reason, the administrator may request the special appointment of one or more substitute commission members.

Disciplinary sanctions. The commission has authority to impose, alone or in combination, the following disciplinary sanctions:

- Revocation of a license.
- Suspension of a license for a period of time or indefinitely.
- Nonrenewal of a license.
- Prohibit permanently, until further order of the commission, or for a specified period of time, the engagement in specified procedures, methods or acts.
- Probation. As a condition to a period of probation, the commission may impose terms and conditions deemed appropriate by the commission including, but not limited to, substance abuse evaluation and such care and treatment as recommended in the evaluation or otherwise appropriate under the circumstances.
- Require additional continuing education. The commission may specify that a designated amount of continuing education be taken in specific subjects and may specify the time period for completing these courses. The commission may also specify whether this continuing education be in addition to the continuing education routinely required for license renewal. The commission may also specify that additional continuing education be a condition for the termination of any suspension or reinstatement of a license.
- Require reexamination.

- Impose a monitoring or supervision arrangement.
- Downgrade a license from a broker license to a salesperson license.
- Issue a reprimand.
- Order a physical or mental examination with periodic reports to the commission, if deemed necessary.
- Impose civil penalties, the amount of which shall be at the discretion of the commission, but which shall not exceed \$2,500 per violation. Civil penalties may be imposed for any of the disciplinary violations.

The following is a nonexclusive list of violations upon which civil penalties may be imposed:

- Engaging in activities requiring a license when license is inactive.
- Failing to maintain a place of business.
- Improper care and custody of license:
 - a) Failing to properly display license(s).
 - b) Failing to return license in a timely manner (received within 72 hours).
 - c) Failing to notify associate when license is returned.
 - d) Failing to provide mailing address of associate when license is returned.
- Failing to inform commission and remit required fees if appropriate:
 - a. When changing business address (5 working days).
 - b. When changing status (5 working days).
 - c. When changing form of firm (5 working days).
 - d. When opening a trust account by not filing a consent to examine for the account.
 - e. When changing residence address or mailing address (5 working days).
 - f. When independently obtained errors and omissions insurance status, coverage or provider changes (5 working days).
- Maintaining inadequate transaction records such as: (1) Failing to maintain a general ledger. (2) Failing to maintain individual account ledgers. (3) Failing to retain records on file.
- Improper trust account and closing procedures:
 - a. Failing to deposit funds as required.
 - b. Disbursing trust funds prior to closing without written authorization.
 - c. Withholding earnest money unlawfully when the transaction fails to consummate.
 - d. Failing to obtain escrow agreement for undisbursed funds.
 - e. Failing to remit and account for interest on closing statements.
 - f. Computing closing statements improperly.
 - g. Failing to provide closing statements.
 - h. Retaining excess personal funds in the trust account.
 - i. Failing as a salesperson or broker associate to immediately turn funds over to the broker.
 - j. Failing to deposit trust funds in interest-bearing account.
 - k. Failing to account for and remit to the state accrued interest due.
- Failing to immediately present offer.
- Advertising without identifying broker or clearly indicating advertisement is by a licensee.
- Failing to provide information to the commission when requested relative to a complaint (14 calendar days).
- Failing to obtain all signatures required on contracts or to obtain signatures or initials of all parties to changes in a contract.
- Placing a sign on property without consent, or failure to remove a sign when requested.
- Failing to furnish a progress report when requested.
- Failing by a broker to supervise salespersons or broker associates.
- Failing by a broker associate or salesperson to keep the employing broker informed.

- Issuing an insufficient funds check to the commission for any reason or to anyone else in the individual's capacity as a real estate licensee.
- Issuing an insufficient funds check on the broker's trust account.
- Engaging in conduct which constitutes a prohibited practice or tying arrangement as prohibited by these rules.
- Failing to inform clients of real estate brokerage firm of the date the firm will cease to be in business and the effect upon sellers' listing agreements.
- Violating any of the remaining provisions, which have not heretofore been specified in this rule.

Factors the commission may consider when determining whether to assess and the amount of civil penalties include:

- Whether other forms of discipline are being imposed for the same violation.
- Whether the amount imposed will be a substantial deterrent to the violation.
- The circumstances leading to the violation.
- The severity of the violation and the risk of harm to the public.
- The economic benefits gained by the licensee as a result of the violation.
- The interest of the public.
- Evidence of reform or remedial action.
- Time elapsed since the violation occurred.
- Whether the violation is a repeat offense following a prior cautionary letter, disciplinary order, or other notice of the nature of the infraction.
- The clarity of the issues involved.
- Whether the violation was willful and intentional.
- Whether the licensee acted in bad faith.
- The extent to which the licensee cooperated with the commission. n. Whether the licensee with a lapsed, inactive, suspended, restricted or revoked license improperly engaged in practices which require licensure.

Reinstatement. The term "reinstatement" as used in this rule shall include both the reinstatement of a suspended license and the issuance of a new license following the revocation, voluntary revocation, or voluntary surrender of a license.

REQUIREMENTS FOR MANDATORY ERRORS AND OMISSIONS INSURANCE

Insurance definitions.

- **"Aggregate limit"** is a provision in an insurance contract limiting the maximum liability of an insurer for a series of losses in a given time period such as the policy term.
- **"Claims-made"** means policies written under a claims-made basis will cover claims made (reported or filed) during the year the policy is in force for incidents which occur that year or during any previous period the policy holder was insured under the claims-made contract. This form of coverage is in contrast to the occurrence policy which covers today's incident regardless of when a claim is filed even if it is one or more years later.
- **"Extended reporting period"** is a designated period of time after a claims-made policy has expired during which a claim may be made and coverage triggered as if the claim had been made during the policy period.
- **"Prior acts coverage"** applies to policies on a claims-made versus occurrence basis. Prior acts coverage responds to claims which are made during a current policy period, but the act or acts causing the claim or injuries for which the claim is made occurred prior to the inception of the current policy period.

- **“Proof of coverage”** means a copy of the actual policy of insurance, a certificate of insurance or a binder of insurance.
- **“Retroactive date”** is a provision found in many claims-made policies. The policy will not cover claims for injuries or damages that occurred prior to the retroactive date even if the claim is first made during the policy period.
- **“Umbrella type coverage”** means a policy that provides insurance coverage for the broker or firm and all licensees assigned.

Insurance requirement—general. The group coverage insurance policy selected by the commission must be approved by the Iowa insurance division. As a condition of licensure, all active real estate licensees shall submit evidence of compliance with the mandatory errors and omissions insurance requirement when required.

- The following persons must submit proof of insurance when required or when requested: (a) Any active individual broker, broker associate, or salesperson. (b) Any active partnership. (c) Any active corporation.
- Individuals whose licenses are on inactive status are not required to carry errors and omissions insurance.
- All resident Iowa licensees shall be covered for activities contemplated both in and out of the state of Iowa. Nonresident licensees participating under the state plan shall not be covered both in and out of the state of Iowa unless the state plan selected by the commission will cover participating nonresidents when involved in real estate activities in the nonresident state.
- Licensees may obtain errors and omissions coverage through the insurance carrier selected by the commission to provide the group policy coverage

Compliance.

- The commission shall require receipt of proof of errors and omissions insurance from new licensees before the license is issued.
- The commission shall require receipt of proof of errors and omissions insurance from the applicant before reinstating an expired license.
- The commission shall require receipt of proof of errors and omissions insurance before reactivating an inactive status license to active status if the license has been inactive for more than 20 days.
- Applicants for license renewal shall attest and certify that they have current errors and omissions insurance in effect that meets Iowa insurance requirements.
- A licensee is required to carry insurance on an uninterrupted basis and may not avoid discipline simply by acquiring insurance after receipt of an audit notice.
- Failure of a licensee to carry adequate insurance coverage or to submit proof of insurance to the commission within 20 calendar days of the commission’s request as required shall be prima facie evidence of a violation of Iowa Code and is grounds for the denial of an application for licensure, the denial of an application to renew a license, or the suspension or revocation of a license.
- Submitting false documentation of insurance coverage, or falsely claiming to have or attesting to having insurance coverage, shall be prima facie evidence of a violation.
- Failure to provide required proof of insurability within 30 days of written notice by the commission shall result in the placement of the license on inactive status. A license that has been placed on inactive status pursuant to this provision shall not be reactivated until satisfactory evidence has been provided verifying that coverage is current and in full force and effect.

Records and retention. It is the responsibility of the licensee to maintain records which support the validity of the insurance. Documentation shall be retained by the licensee for a period of three years after the license renewal date or the anniversary of the license renewal date.

ENFORCEMENT PROCEEDINGS AGAINST UNLICENSED PERSONS

Civil penalties against unlicensed persons. The commission is authorized to issue a cease and desist order and to impose a civil penalty of up to the greater of \$10,000 or 10 percent of the real estate sale price against any person who is not licensed by the commission but who acts in the capacity of a real estate broker or salesperson.

An “unlicensed person” includes any individual or business entity that has never been licensed by the commission, has voluntarily surrendered a license issued by the commission, or has allowed a license issued by the commission to lapse in which the license could have been reinstated has passed.

Unlawful practices. Practices by unlicensed persons which are subject to civil penalties include, but are not limited to:

- Acts or practices by unlicensed persons which require licensure pursuant to Iowa Code
- Representing oneself to the public as a real estate broker, broker associate, or salesperson, without first obtaining a license and otherwise complying with the requirements of Iowa Code.
- Violating one or more of the provisions of Iowa Code as they relate to acts or practices by unlicensed persons.
- Use or attempted use of a licensee’s license or an expired, suspended, revoked, or non-existent license.
- Falsely impersonating a licensed real estate professional.
- Providing false or forged evidence of any kind to the commission in obtaining or attempting to obtain a license.
- Knowingly aiding or abetting an unlicensed person in any activity identified in this rule.

Notice of intent to impose civil penalty. Prior to issuing a cease and desist order and imposing a civil penalty against an unlicensed person, the commission shall provide the unlicensed person written notice and the opportunity to request a contested case hearing.

Groundwater Hazard Statements

- 1) Required by the Department of Natural Resources (DNR) for the following:
 - Groundwater
 - Wells
 - Burial Sites
 - Underground Storage Tanks
 - Sewer Systems: Septic requires an attachment to further define the system
 - Hazardous Waste
- 2) **Must be signed by Transferor or Agent**
- 3) Must be completed with all required attachments and presented to the county recorder when the deed is filed.
- 4) If any known presence exists, such as an underground storage tank, that does not constitute the need to have property corrected, hold the filing or escrow any seller funds. Those acts should be considered as part of the offer, per the seller’s disclosure or the buyer’s inspection of property, prior to closing.

The Iowa Civil Rights Act & Fair Housing

The Iowa Civil Rights Act prohibits discrimination in housing based on any of these characteristics:

- Race,
- Color,
- National origin,
- Religion or creed,
- Sex,
- Sexual orientation,
- Gender identity,
- Disability (mental or physical),
- Familial status (families with children, pregnant women, and people getting custody of children),
- Retaliation (for having filed a charge, complained about discrimination to the management or landlord, or participated in an investigation or court proceedings involving discrimination).

Who must obey the law?

Housing providers such as landlords, property owners, apartment agents, rental managers, building managers, rental agents, and apartment maintenance staff. This also includes mobile home parks, group homes, hospice facilities, nursing homes, dormitories, seasonal bungalows, shelters for homeless individuals, and shelters for victims of domestic violence.

- Real estate operators, brokers, and agents
- Sellers of property
- Condominium associations and boards
- Multiple listing services and real estate related organizations
- Financial institutions such as savings and loans associations, banks, mortgage lenders, and credit unions
- Providers of housing services
- Builders, contractors, architects, and developers
- Owners of building lots
- Advertising media such as newspapers, magazines, and weekly shopping guides □ Insurance companies and insurance agents

What is housing discrimination?

It is discriminatory to do the following if the action is based on any protected characteristic described.

- Refuse to rent or sell property
- Refuse to give someone an application
- Refuse to process an application
- Refuse to allow a cat, dog, or other animal as a reasonable accommodation for a disability
- Refuse to allow certain visitors, such as children or individuals due to a covered basis (such as race or national origin)
- Say that housing is unavailable when it is actually available
- Show apartments or homes only in certain neighborhoods
- Set different terms, conditions, or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Advertise or indicate that the housing is available to only preferred groups of people

- Refuse to provide information about mortgages, provide different information to some groups of persons, deny a mortgage loan, or impose different terms or conditions on a mortgage loan
- Deny property insurance
- Conduct property appraisals in a discriminatory manner
- Harass tenants, prospective tenants, guests of the tenants, or prospective real estate buyers
- Coerce, intimidate or interfere with anyone exercising or assisting someone else with their fair housing rights
- Fail to design and construct housing so that it is not accessible to persons with disabilities
- Refuse to allow modifications to property for persons with disabilities or not permit reasonable accommodations in policies or procedures for persons with disabilities

What housing is covered?

The Iowa Civil Rights Act covers most property, but there are some types of property that are not covered. The following are exemptions as set out in the Iowa Civil Rights Act:

- Owner-occupied buildings with housing accommodations for not more than two families living independently (duplex)
- Owner-occupied buildings with housing accommodations for not more than four families living independently (fourplex or smaller) if the owner qualifies for the homestead tax credit under section 425.1 of the Iowa Code for such building
- Owner-occupied single dwellings with less than four rooms for rent or lease
- Any bona fide religious institution with respect to any qualifications it may impose based on religion, sexual orientation, or gender identity, when the qualifications are related to a bona fide religious purpose unless the religious institution owns or operates property for a commercial purpose or membership in the religion is restricted on account of race, color, or national origin.
- Discrimination on the basis of familial status involving dwellings provided under any state or federal program specifically designed and operated to assist elderly persons, as defined in the state or federal program the commission determines to be consistent with determinations made by the U.S. Secretary of HUD, and housing for older persons.
- Discrimination on the basis of sex involving the rental, leasing, or subleasing of a dwelling within which residents of both sexes would be forced to share a living area.