~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 25, 2016

**S. 1013**

Introduced by Senators Alexander and Davis

S. Printed 2/25/16--S.

Read the first time January 20, 2016.

**THE COMMITTEE ON**

**LABOR, COMMERCE AND INDUSTRY**

To whom was referred a Bill (S. 1013) to amend Chapter 57, Title 40 of the 1976 Code, relating to the licensure and regulation of real estate brokers, salespersons, and property managers, to reorganize the provisions, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, page 9, by striking lines 24-34 and inserting:

/ (3) ~~submit to a credit report which shall indicate creditworthiness satisfactory to the commission. If notified of unsatisfactory credit, the applicant has sixty days to respond;~~

provide a physical address at which the licensee can be contacted in the course of any investigation. Each licensee shall maintain current contact information to include current residency address, current mailing address, current email address, and current telephone number on file with the Commission. Failure to provide current contact information within thirty days of any change may result in an administrative suspension of the property manager, salesperson, broker, property manager-in-charge in accordance with Section 40-57-145; /

Amend the bill further, as and if amended, pages 9-10, by striking lines 40- 6 and inserting:

/ (6) submit to a criminal background check as provided in Section 40-57-115 for initial applications; and

~~(6)~~(7) pass the applicable examination. /

Amend the bill further, as and if amended, page11, by striking lines 10-21 in their entirety.

Amend the bill further, as and if amended, page 11, by striking line 28 and inserting:

/raw‑score determination established by the department commission. /

Amend the bill further, as and if amended, page 16, by striking lines 30-33 and inserting:

/ (3) Licenses must be renewed biennially coinciding with the /

Amend the bill further, as and if amended, page 17, by striking lines 10-20 and inserting:

/ ~~(5)~~(4) a broker, ~~or salesman upon reaching the age of sixty‑five years with a minimum of twenty‑five years of licensure~~ or salesperson, or property manager with a minimum of twenty-five years of licensure may apply to be granted an experience based partial continuing education waiver, and upon granting of the waiver, is required to complete only the mandatory four hour core course biennially to maintain active licensure. A broker-in-charge who is granted a partial continuing education waiver is required to take the four hour core course and the mandated four hour broker-in-charge course biennially. Licensees who have been previously granted full continuing education waivers under prior amendments to this chapter shall be designated as grandfathered. /

Amend the bill further, as and if amended, page 23, by striking line 2.

Amend the bill further, as and if amended, page 27, by striking lines 29-32 and inserting:

/ (9) A licensee may not allow or create an unreasonable delay /

Amend the bill further, as and if amended, page 59, by striking lines 34-36 and inserting:

/ Section 40-57-210. Investigations conducted under this chapter are confidential. All communications are privileged as provided in Section 40-1-190. /

Amend the bill further, as and if amended, page 612, by striking lines 1-9 and inserting:

/SECTION 2. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

THOMAS C. ALEXANDER for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill would have no expenditure impact on the general fund, federal funds, or other funds.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill reorganizes Chapter 57, Title 40 dealing with the regulation and licensing of real estate brokers. The bill transfers some responsibilities of the Department of Labor, Licensing and Regulation to the Real Estate Commission, deletes a license reinstatement penalty, revises certain education requirements for licensees, and requires criminal records checks of applicants among other license requirement modifications.

The Department of Labor, Licensing and Regulation reports that this bill would have no expenditure impact on the general fund, federal funds, or other funds.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND CHAPTER 57, TITLE 40 OF THE 1976 CODE, RELATING TO THE LICENSURE AND REGULATION OF REAL ESTATE BROKERS, SALESPERSONS, AND PROPERTY MANAGERS, TO REORGANIZE THE PROVISIONS OF THIS CHAPTER; TO REVISE AND ADD CERTAIN DEFINITIONS OF TERMS USED IN THIS CHAPTER; TO SPECIFY THAT CERTAIN DUTIES AND RESPONSIBILITIES BELONG TO THE REAL ESTATE COMMISSION RATHER THAN TO THE DEPARTMENT OF LABOR, LICENSING AND REGULATION; TO DELETE A LICENSE REINSTATEMENT FEE; TO DELETE PROVISIONS RELATING TO THE ESTABLISHMENT, USE, AND REPORTING REQUIREMENTS FOR THE SOUTH CAROLINA REAL ESTATE COMMISSION EDUCATION AND RESEARCH FUND; TO DELETE THE PROVISION REQUIRING LICENSURE APPLICANTS TO SUBMIT A CREDIT REPORT, AND TO REQUIRE APPLICANTS TO UNDERGO CRIMINAL RECORDS CHECKS; TO REVISE EDUCATION AND RELATED REQUIREMENTS OF CERTAIN LICENSEES; TO PROVIDE THAT AN INDIVIDUAL WHOSE LICENSE IS REVOKED MAY NOT REAPPLY FOR LICENSURE FOR THREE YEARS, RATHER THAN ONE YEAR; TO PROVIDE CIRCUMSTANCES IN WHICH THE COMMISSION MAY RECOGNIZE A REAL ESTATE LICENSE FROM ANOTHER STATE AND TO PROVIDE SPECIFIC REQUIREMENTS FOR NONRESIDENT LICENSEES; TO SPECIFY CONTINUING EDUCATION REQUIREMENTS FOR BROKERS IN CHARGE AND PROPERTY MANAGERS IN CHARGE; TO REQUIRE THE ELECTRONIC TRANSMISSION OF CERTAIN STUDENT CONTINUING EDUCATION AND QUALIFYING COURSE RECORDS TO THE COMMISSION, AND TO REQUIRE THE COMMISSION MAINTAIN A SECURE DATABASE OF THESE RECORDS; TO FURTHER SPECIFY ADVERTISING AND MARKETING REQUIREMENTS AND LICENSEE STATUS DISCLOSURE; TO CLARIFY AND FURTHER SPECIFY DUTIES AND RESPONSIBILITIES OF BROKERS IN CHARGE AND PROPERTY MANAGERS IN CHARGE CONCERNING TRUST FUNDS AND TRUST ACCOUNTS, RECORDKEEPING, AND THE SUPERVISION AND INSTRUCTION OF LICENSEES REGARDING THESE MATTERS; TO PROVIDE THAT NO CAUSE OF ACTION ARISES IF AN OWNER OF REAL ESTATE OR A LICENSEE DOES NOT DISCLOSE THE LOCATION OF A REGISTERED SEX OFFENDER; TO FURTHER SPECIFY THE RELATIONSHIPS AND THE DUTIES AND RESPONSIBILITIES OF BROKERS IN CHARGE, BROKERAGE FIRMS, AND LICENSEES TO THEIR CLIENTS, CUSTOMERS, AGENTS, OTHER LICENSEES, AND OTHER LICENSED INDIVIDUALS; TO FURTHER PROVIDE FOR GROUNDS FOR DENIAL OF LICENSURE OR FOR DISCIPLINARY ACTION AND TO AUTHORIZE THE COMMISSION TO REQUIRE A LICENSEE TO UNDERGO A CRIMINAL RECORDS CHECK AS PART OF AN INVESTIGATION OR DISCIPLINARY PROCEEDING; AND TO CLARIFY CONFIDENTIALITY REQUIREMENTS OF INFORMATION RECORDED FOR AN INVESTIGATION OR PROCEEDING; AND BY ADDING SECTION 27 32 85 SO AS TO PROVIDE THAT PURCHASE OF BENEFICIARY RIGHTS IN A TRUST BASED TIMESHARE, WHERE THE CONTRACT IS MADE IN THIS STATE, IS A REAL PROPERTY OWNERSHIP CONVEYANCE SUBJECT TO ALL CLOSING REQUIREMENTS CONTAINED IN THE TIME SHARING TRANSACTION PROCEDURES ACT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 57, Title 40 of the 1976 Code is amended to read:

“CHAPTER 57

Real Estate Brokers, ~~Salesmen~~ Salespersons, and Property Managers

Section 40‑57‑5. Unless otherwise provided for in this chapter, Article 1, Chapter 1, Title 40 applies to real estate brokers, ~~salesmen~~ salespersons, and property managers; however, if there is a conflict between this chapter and Article 1, Chapter 1, Title 40, the provisions of this chapter control.

Section 40‑57‑10. There is created the South Carolina Real Estate Commission under the administration of the Department of Labor, Licensing and Regulation. The purpose of this commission is to regulate the real estate industry so as to protect the public’s interest when involved in real estate transactions.

Section 40‑57‑20. It is unlawful for an individual to act as a real estate broker, real estate ~~salesman~~ salesperson, or real estate property manager or to advertise or provide services as such without ~~a~~ an active, valid license issued by the ~~department~~ commission.

Section 40‑57‑30. For purposes of this chapter:

(1) ‘Agent’ means one authorized and empowered by a written agency agreement to perform actions for a client. The real estate brokerage firm is the agent of the buyer, seller, landlord, or tenant and the real estate brokerage firm’s ‘associated licensees’ are its subagents.

(2) ‘Associated licensee’ means a licensee who is affiliated with and under the supervision of a broker‑in‑charge or property manager‑in‑charge.

~~(2)~~ ~~‘Branch office’ means a suboffice of a company in which full‑service real estate activities are conducted and at which a broker‑in‑charge or property manager‑in‑charge is licensed to conduct real estate transactions.~~

(3) ‘Broker’ means an ~~individual~~ associated licensee who has met the experience and education requirements and has passed the examination for a broker license and who, for a fee, salary, commission, referral fee, or other valuable consideration, or who, with the intent or expectation of receiving compensation:

(a) negotiates or attempts to negotiate the listing, sale, purchase, exchange, lease, or other disposition of real estate or the improvements ~~thereon~~ to the real estate;

(b) auctions or offers to auction real estate in accordance with Section 40‑6‑250;

(c) for a fee or valuable consideration solicits a referral ~~in order to conduct activities set forth in this section~~;

(d) offers ~~advisory~~ services as a real estate consultant ~~or~~, counselor, or transaction manager;

(e) offers to act as ~~an agent~~ a subagent of a real estate brokerage firm representing ~~a principal~~ a client in a real estate transaction;

(f) advertises or otherwise ~~holds himself out~~ represents to the public as being engaged in any of the foregoing activities.

(4) ‘Broker‑in‑charge’ means the broker who is designated as having responsibility over the actions of all associated licensees and also has the responsibility and control over and liability for any real estate trust accounts.

(5) ‘Client’ means a person ~~with whom a licensee has established an agency relationship~~ who has entered into a written agreement establishing an agency relationship with a real estate brokerage firm through its broker‑in‑charge, a property manager‑in‑charge, or an associated licensee.

(6) ‘Commission’ means the ~~group of individuals~~ South Carolina Real Estate Commission members who are charged by law with the responsibility of licensing or otherwise regulating the practice of real estate within the State of South Carolina.

(7) ‘Conversion’ means using trust funds for a purpose other than the purpose for which they are being held. Conversion is a breach of trust and is a crime as provided for by law.

(8) ‘Customer’ means ~~a person with whom a licensee~~ a buyer, seller, landlord, or tenant who uses the services of a real estate licensee but has not established an agency relationship through a written agency agreement with the licensee’s real estate brokerage firm.

~~(8)~~(9) ‘Department’ means the Department of Labor, Licensing and Regulation.

(10) ‘Designated agency’ means a form of agency whereby two clients represented by a real estate brokerage firm in the same transaction may be given almost equivalent treatment as a single agency.

(11) ‘Dual agency’ means a form of agency whereby a real estate brokerage firm with two clients in the same transaction gives limited agency services and acts as a neutral mediator.

(12) ‘Email’ means a system for sending and receiving messages electronically over a computer network and any message or messages sent or received by such a system.

~~(9)~~(13) ‘Licensee’ means an individual currently licensed under this chapter.

(14) ‘Limited function referral office’ means a brokerage where the office policy allow only the placement of referrals through the broker‑in‑charge.

(15) ‘Material adverse fact’ means any of the following:

(a) a condition or occurrence that is generally recognized as doing any of the following:

(i) significantly and adversely affecting the value of the real estate;

(ii) significantly reducing the structural integrity of improvements to real estate;

(iii) presenting a significant health risk to occupants of the real estate;

(b) information that indicates that a party to a transaction is not able to or does not intend to meet obligations under a contract or agreement made concerning the transaction.

~~(10)~~(16) ‘Office’ means the ~~principal~~ office location where a broker‑in‑charge or a property manager‑in‑charge is licensed to conduct real estate business.

(17) ‘Personal Trust account’ means an escrow account or demand deposit bank account properly designated and titled to include the words ‘trust’ or ‘escrow’ that is established and maintained by a licensee to safeguard funds belonging to parties to a real estate transaction when the transaction involves the licensee’s personal real estate and the real estate is not managed or listed through a real estate brokerage firm.

~~(11)~~(18) ‘Property manager’ means an ~~individual~~ associated licensee who has met the educational requirements and has passed the examination for a property manager license and who, for a fee, salary, commission, or other valuable consideration or who, with the intent or expectation of receiving compensation:

(a) negotiates or attempts to negotiate the rental or leasing of real estate or improvements ~~thereon~~ to the real estate;

(b) lists or offers to list and provide services in connection with the leasing or rental of real estate or improvements ~~thereon~~ to the real estate;

(c) advertises or otherwise ~~holds himself out~~ represents to the public as being engaged in any of the ~~foregoing~~ activities in subitems (a) and (b).

~~(12)~~(19) ‘Property manager‑in‑charge’ means the property manager who is designated as having the responsibility over the actions of associated ~~property managers~~ licensees and also the responsibility and control over and liability for real estate trust accounts.

~~(13)~~(20) ‘Real estate’ means land, buildings, and other appurtenances, including all interests in land, whether corporeal, incorporeal, freehold, or nonfreehold, whether the real estate is ~~situate in or outside~~ within or without the boundaries of this State.

(21) ‘Real estate brokerage’ means the aspect of the real estate business that involves activities relative to sales, exchanges, purchases, leases, and property management.

(22) ‘Real estate brokerage firm’ means the real estate company that is engaged in the business of real estate brokerage.

~~(14)~~(23) ‘Real estate transaction’ means an activity involving the sale, purchase, exchange, or lease of real estate.

~~(15)~~(24) ‘~~Salesman~~ Salesperson’ means ~~a~~ an associated licensee who has met the experience and educational requirements and has passed the examination for a salesperson license and who, for a fee, salary, commission, or other valuable consideration, or ~~licensee associated with a broker‑in‑charge~~ who, ~~for~~ with the intent or expectation of receiving compensation, engages in or participates in an activity ~~included~~ enumerated in item (3).

(25) ‘Subagent’ means an agent of an agent. An ‘associated licensee’ is a subagent of the real estate brokerage firm if the firm is an agent of a buyer, seller, landlord, or tenant.

(26) ‘Substantive contact’ means contact in which there is a discussion or dialogue between the consumer and the associated licensee which has been moved from casual introductory talk to a meaningful conversation regarding the selling or buying motives or objectives of the seller or buyer, financial qualifications, and other confidential information that if disclosed could harm the consumer’s bargaining position.

(27) ‘Team’ means two or more associated licensees operating within an office established with the commission and supervised by a broker‑in‑charge.

~~(16)~~(28) ‘Trust account’ means an escrow account or properly designated demand deposit bank account that is properly designated and title to include the words ‘trust’ or ‘escrow’ and that is established and maintained by a broker‑in‑charge or a property manager‑in‑charge to safeguard funds belonging to parties to a real estate transaction.

(29) ‘Trust funds’ means funds received on behalf of another person by a licensee in the course of performing any real estate activity. An example of trust funds for sales transactions includes the earnest money deposit. Examples for rental and leases include rent, security deposits, pet deposits, damage deposits, and rent paid in advance.

(30) ‘Transaction broker’ means a real estate brokerage firm that provides customer service to a buyer, a seller, or both in a real estate transaction. A transaction broker may be a single agent of a party in a transaction giving the other party customer service. A transaction broker also may facilitate a transaction without representing either party.

Section 40‑57‑40. (A) The South Carolina Real Estate Commission consists of ~~ten~~ members elected or appointed as follows:

(1) ~~seven~~ members who are professionally engaged in the active practice of real estate, one elected from each ~~of the seven~~ congressional ~~districts~~ district by a majority of house members and senators~~,~~ representing the house and senate districts located within each ~~of the~~ congressional ~~districts~~ district;

(2) two members representing the public who are not professionally engaged in the practice of real estate, each appointed by the Governor with the advice and consent of the Senate;

(3) the ~~nine~~ elected and appointed members shall elect from the State at large one additional member who must be in the active practice of real estate.

(B) Commission members serve a term of four years and until their successors are elected or appointed and qualify. A vacancy on the commission must be filled in the manner of the original election or appointment for the remainder of the unexpired term.

(C) Before entering upon the discharge of the duties of the office, a member’s election or appointment must be certified by the Secretary of State, and the member shall ~~take and~~ file ~~with the Secretary of State~~, in writing, an oath to perform the duties of the office as a member of the commission and to uphold the constitutions of this State and the United States.

(D) A member’s term commences on the date the election or appointment is certified by the Secretary of State.

(E) A member may be removed from office in accordance with Section 1‑3‑240.

Section 40‑57‑50. The commission annually, at the first meeting in the state’s fiscal year, shall elect from its total membership a ~~chairman, vice‑chairman~~ chair, vice chair, and other officers the commission determines necessary. The commission may adopt an official seal and shall adopt rules and procedures reasonably necessary for the performance of its duties and the governance of its operations and proceedings.

Section 40‑57‑60. (A) The commission shall ~~set general policy with regard to administering and enforcing~~ administer and enforce this chapter and regulations promulgated under this chapter. In addition to powers contained in Section 40‑1‑70, the powers and duties include, but are not limited to:

(1) determining the standards for qualifications and eligibility of applicants for licensure, the qualifications of education providers and instructors, and the conditions for license renewal;

(2) conducting disciplinary hearings on alleged violations of this chapter and regulations promulgated under this chapter and deciding disciplinary actions as provided in this chapter for those found to be in violation;

(3) recommending changes in legislation and promulgating regulations governing the real estate industry relative to the protection ~~of the~~, safety, and welfare of the public;

(4) establishing a fee schedule through ~~regulation~~ regulations.

(B) The commission must not be involved in the resolution of disputes between licensees over the payment or division of commissions or fees.

(C) The commission staff shall conduct periodic inspections of the offices of licensees in order to assist with and ensure compliance with this chapter.

Section 40‑57‑65. The commission shall submit ~~to the department~~ an annual report in accordance with established guidelines ~~established by the department~~.

Section 40‑57‑70. (A) All fees relevant to the licensure and regulation of real estate brokers, ~~salesmen~~ salespersons, and property managers must be established in accordance with Section 40‑1‑50(D) and promulgated ~~through~~ by regulation prior to implementation.

(B) ~~For each active license and inactive license not renewed by its expiration date, the department may assess a reinstatement penalty of twenty‑five dollars per month for each month or part of a month for a period not to exceed six months during which the license may be reinstated.~~

~~(C)~~ All application and license fees are payable to the ~~department~~ commission in advance and must accompany an examination application or a license application. Application fees are nonrefundable.

~~(D)(1)~~ ~~The department may allocate up to ten dollars of each license renewal fee to the South Carolina Real Estate Commission Education and Research Fund which must be established as a separate and distinct account within the office of the State Treasurer. The funds collected must be deposited in this account and used exclusively for:~~

~~(a)~~ ~~the advancement of education and research for the benefit of those licensed under this chapter and for the improvement and increased efficiency of the real estate industry in this State;~~

~~(b)~~ ~~the analysis and evaluation of factors which affect the real estate industry in this State; and~~

~~(c)~~ ~~the dissemination of the results of the research.~~

~~(2)~~ ~~The commission shall submit to the Chairmen of the House and Senate Labor, Commerce and Industry Committees by August first of each year a report on how the funds were expended for the preceding fiscal year.~~

Section 40‑57‑80. To be eligible for licensure, an applicant shall:

(1) have attained the age of twenty‑one if applying for a license as a broker, broker‑in‑charge, or property manager‑in‑charge;

(2) have attained the age of eighteen if applying for a license as a ~~salesman~~ salesperson or property manager;

(3) ~~submit to a credit report which shall indicate creditworthiness satisfactory to the commission. If notified of unsatisfactory credit, the applicant has sixty days to respond;~~

provide a physical address at which the licensee can be contacted in the course of any investigation. Each licensee must keep a current residence address and a current email address and current telephone number on file with the commission. Failure to provide a current, active email address shall result in an administrative suspension of the property manager, salesperson, broker, property manager‑in‑charge, or broker‑in‑charge in accordance with Section 40‑57‑145;

(4) have graduated from high school or hold a certificate of equivalency that is recognized by the South Carolina Department of Education;

(5) submit proof of completion of education and, if applicable, experience requirements as specified in this chapter;

(6) submit to a state criminal records check, supported by fingerprints, conducted by the South Carolina Law Enforcement Division, and a national criminal records check, supported by fingerprints, conducted by the Federal Bureau of Investigation. Costs of conducting a criminal history background check must be borne by the applicant. The commission shall keep information received pursuant to this item confidential, except that information relied upon in denying licensure may be disclosed as may be necessary to support the administrative action; and

(7) pass the applicable examination.

Section 40‑57‑90. An application for examination or licensure must be made in writing on a form prescribed by the ~~department~~ commission and must be accompanied by all applicable fees.

Section 40‑57‑100. (A) As a condition for and before applying ~~to take a license examination,~~ to the commission for licensure, an applicant for a ~~salesman~~ salesperson, broker, or property manager, broker‑in‑charge, or property manager‑in‑charge license shall provide proof of having met these educational requirements ~~within the last five years:~~ in addition to the other requirements of this chapter.

(1) For a ~~salesman’s~~ salesperson license~~,~~:

(a) within five years prior to application, completion of sixty hours of classroom instruction in fundamentals of real estate principles and practices ~~or evidence submitted to the department of a Juris Doctor, Bachelor of Laws degree, or a baccalaureate degree with a major in real estate from an accredited college or university. Within one year following licensure, a salesman shall provide proof of satisfactory completion of~~ and thirty hours of ~~post‑licensing~~ classroom instruction in advanced real estate principles ~~and practices~~. ~~Failure to complete the post‑licensing education within one year will result in cancellation of the license;~~ An applicant may take the license examination before completing the required thirty hours of advanced instruction; or

(b) evidence submitted to the commission of a juris doctorate, a bachelor of law degree, a baccalaureate degree or a master’s degree with a major in real estate from an accredited college or university.

(2) For a ~~broker’s~~ broker license~~,~~:

(a) completion of one hundred fifty hours of commission‑approved real estate classroom instruction, ninety ~~hours~~ of which may be the hours required for a ~~salesman’s~~ salesperson license, ~~of classroom instruction~~ to include completion of the thirty hour Unit III A Broker Management and of the thirty hour Unit III B Brokerage Principles courses in advanced real estate principles and practices ~~and related topics,~~ and three years ~~of~~ ~~experience with a salesman’s license~~ active salesperson licensure within the past five years; or

(b) evidence submitted to the ~~department~~ commission of a juris ~~doctor~~ doctorate, a bachelor of ~~laws~~ law degree, ~~or~~ a baccalaureate degree or a master’s degree with a major in real estate from an accredited college or university ~~or the commission may accept proof of related education and at least five years of experience immediately preceding license application in business activities equivalent to or closely related to real estate transactions;~~.

(3) For a property ~~manager’s~~ manager license~~,~~:

(a) completion of thirty hours of classroom instruction in property management principles and practices; or

(b) evidence submitted to the ~~department~~ commission of a juris ~~Doctor~~ doctorate, a bachelor of ~~Laws~~ law degree, ~~or~~ a baccalaureate degree or a master’s degree with a major in real estate from an accredited college or university.

(4) For a property manager‑in‑charge license:

(a) an active property manager license; and

(b) completion of seven hours of instruction in property management accounting and record keeping approved by the commission.

(B)(1) As a condition of licensure, an applicant shall submit to an examination which must be conducted by the ~~department~~ commission or a designated test provider at a time and place specified by the ~~department~~ commission.

(2) The applicant must receive a passing grade on the examination, in accordance with a cut‑score determination or a dry‑score determination established by the ~~department~~ commission.

(3) An applicant who ~~fails an examination may be reexamined within the six‑month period following initial examination. If an applicant passes one part of a two‑part examination and fails the other, the applicant may be reexamined on the failed portion within the succeeding six‑month period~~ applies to take the examination is granted a twelve‑month eligibility period to complete successfully all portions of the examination. An applicant who fails to complete successfully the examination may reapply to become eligible for the examination if applicable qualifying courses were completed fewer than five years before applying for the examination.

(4) An applicant who passes the examination must apply for a license within one year, or the applicant must reapply ~~for~~ and retake the examination.

(5) ~~An~~ A nonresident individual who, at the time of application, holds ~~a~~ an active real estate license in another state or jurisdiction or whose real estate license in another state or jurisdiction expired not more than six months before application is required to pass only the state portion of the examination to qualify for licensure.

(C) The ~~department~~ commission or test provider is authorized to collect and retain reasonable examination fees. An applicant for an examination to be conducted by a test provider shall pay the fee directly to the test provider.

Section 40‑57‑110. (A) The ~~department~~ commission shall issue licenses in the classifications of broker, broker‑in‑charge, ~~salesman~~ salesperson, ~~or~~ property manager, or property manager‑in‑charge to individuals who qualify under and comply with the requirements of this chapter. No individual may be licensed in more than one classification at the same time. The license must be in the form and size as the ~~department~~ commission prescribes and is not transferable.

(B) ~~The department may issue a designated broker‑in‑charge license to a broker or one qualified to be licensed as a broker and may issue a designated property manager‑in‑charge license to a licensed property manager or one qualified to be licensed as a property manager upon application on a form prescribed by the department and accompanied by applicable fees; however,~~ No broker‑in‑charge or property manager‑in‑charge license may be issued to or renewed for an applicant unless the applicant:

(1) has an ownership interest in the applicant’s company; or

(2) is actively engaged in the operation and management of the company.

(C) ~~Applicants also must submit to a credit report which must indicate creditworthiness satisfactory to the department. If notified of unsatisfactory credit, the applicant shall have sixty days to respond.~~

~~(D)~~ An individual holding an active broker or ~~salesman~~ salesperson license must be licensed under a broker‑in‑charge who is licensed by the ~~department~~ commission and may not be licensed during the same period with more than one broker‑in‑charge. When a licensee becomes disassociated with a broker‑in‑charge for any reason, the ~~broker‑in‑charge~~ licensee immediately shall notify the ~~department~~ commission by ~~letter and furnish a forwarding address~~ completion of the proper form. The licensee must furnish a new business address to the commission, the authorization of the new broker‑in‑charge, and proof of notification to the former broker‑in‑charge.

~~(E)~~(D) An individual holding an active property manager license must be licensed under a property manager‑in‑charge or broker‑in‑charge who is licensed by the ~~department~~ commission or must be designated as a property manager‑in‑charge. A property manager may not be licensed during the same period with more than one property manager‑in‑charge or broker‑in‑charge. When a licensee becomes disassociated with a broker‑in‑charge or property manager‑in‑charge for any reason, ~~the broker‑in‑charge or property manager‑in‑charge~~ licensee immediately shall notify the ~~department~~ commission by ~~letter and furnish a forwarding address~~ completion of the proper form. The licensee must furnish a new business address to the commission, the authorization of the new broker‑in‑charge or new property manager‑in‑charge, and proof of notification to the former broker‑in‑charge or property manager‑in‑charge.

~~(F)~~(E) After revocation of a license, ~~a new license may not be issued to the same individual within a period of one year from the date of revocation or at any time thereafter except upon an affirmative vote of a majority of the members of the commission~~ a person may not reapply for three years from the date of revocation. A person seeking licensure after revocation shall:

(1) submit to the commission satisfactory proof that the person is trustworthy, has a good reputation for honesty and fair dealing, and is competent to transact the business of a real estate licensee;

(2) submit proof of educational qualifications as set forth in this chapter if the proof of educational qualifications on file is more than five years old;

(3) pass the applicable examination; and

(4) meet any other qualifications and conditions ~~which~~ that apply to individuals applying for a license who have never been licensed.

~~(G)~~(F) A licensee may place a license on inactive status by informing the ~~department~~ commission in writing. To maintain an inactive license status, the license must be renewed in the same manner as provided for active license renewals. Upon proper compliance with the renewal requirements, a license may remain on inactive status for an indefinite period of time. An individual seeking to reactivate a license shall apply for the same license classification which was placed on inactive status, pay the appropriate fee, and meet the continuing education requirements as prescribed.

~~(H)~~(G) A license must be renewed in accordance with procedures established by the ~~department~~ commission pursuant to Section 40‑1‑50(E). It is the licensee’s responsibility to renew the license whether or not notice is received.

~~(I)~~(H) A license ~~which~~ that has not been renewed by its date of expiration is lapsed ~~and may be reinstated within six months following expiration upon payment of applicable fees plus penalties as provided for in Section 40‑57‑70~~.

~~(J)~~(I) A license ~~which~~ that has lapsed and has not been reinstated by the last day of the sixth month following expiration ~~must be~~ is canceled.

Section 40‑57‑115. In addition to other requirements established by law and for the purpose of determining an applicant’s eligibility for licensure as a salesman, broker, broker‑in‑charge, property manager, and property manager‑in‑charge, the commission shall require initial applicants to submit to a state criminal records check, by a source approved by the commission, and a national criminal records check. Costs of conducting a criminal records check must be borne by the applicant. The commission shall keep information received pursuant to this section confidential, except that information relied upon in denying licensure may be disclosed as necessary to support the administrative action.

Section 40‑57‑120. (A) The commission may ~~enter into reciprocal agreements with real estate regulatory authorities of~~ recognize real estate licenses on active status from other jurisdictions ~~which provide for waivers of education requirements or examinations if the commission considers the education and examination requirements of another jurisdiction to be substantially equivalent to the requirements of this chapter~~ if the education, examination and experience requirements of the jurisdiction are substantially equivalent to the requirements of this chapter. An applicant from another jurisdiction successfully shall complete the state portion of the applicable examination before license recognition will be acknowledged.

(B) ~~An individual applying for a license by reciprocity shall submit an application, license fee, and certification of licensure from the real estate regulatory authority of the jurisdiction where the current or previous license was held and shall comply with additional requirements as may be established by the commission. The applicant also shall provide copies of the records of any disciplinary actions taken against the applicant.~~

~~(C)~~ A nonresident real estate ~~salesman~~ salesperson license may not be granted to an applicant unless that applicant is affiliated with a resident or nonresident broker‑in‑charge licensed by the commission. If a nonresident licensee terminates the affiliation with a broker‑in‑charge licensed by the commission, the license of the nonresident is canceled unless the licensee places the license on inactive status or affiliates with another broker‑in‑charge licensed by the commission.

~~(D)~~(C) A nonresident licensee is not required to maintain a place of business in this State if the nonresident maintains an active place of business in the state of ~~domicile~~ residence. A nonresident applicant shall file an irrevocable consent that suits and actions may be commenced against the applicant in the proper court in a judicial circuit of the state in which a cause of action may arise or in which the plaintiff may reside~~, by the service of process or pleading, authorized by the laws of this State, on the chairman of the commission or any authorized assistant or deputy appointed by the Director of the Department of Labor, Licensing and Regulation. The consent shall stipulate that the service of process or pleading must be taken and held in all courts to be as valid and binding as if service had been made upon the applicant in South Carolina. If the process or pleadings mentioned in this chapter are served upon the chairman of the commission or any authorized assistant or deputy appointed by the Director of the Department of Labor, Licensing and Regulation, it must be by duplicate copies, one of which must be filed in the office of the commission and the other immediately forwarded by the commission by registered or certified mail to the applicant against whom the process or pleadings are directed, at the last known address of the applicant as shown by the records of the commission~~.

~~(E)~~(D)(1) A resident licensee who becomes a nonresident must notify the commission in writing, within ~~sixty~~ thirty days, of the change in residency and comply with nonresident requirements or place ~~his~~ the license on inactive status to avoid cancellation of the license.

(2) A nonresident licensee who becomes a resident of South Carolina must notify the commission in writing, within ~~sixty~~ thirty days, of the change in residency and comply with the requirements of this chapter or place ~~his~~ the license on inactive status to avoid cancellation of the license.

(3) Failure to notify the commission of the change in residency and ~~compliance~~ to comply with the requirements of this subsection is a violation of this chapter and subject to the penalties provided for in Section 40‑57‑150.

~~(F)~~(E) A nonresident applicant or licensee must comply with all requirements of commission regulations and of this chapter. The commission may adopt regulations necessary for the regulation of nonresident licensees.

(F) Resident licensees may pay a part of their commission on a cooperative basis to a brokerage of another state or jurisdiction if that brokerage’s license does not conduct in this State any of the real estate brokerage services for which a fee, compensation, or commission is paid.

Section 40‑57‑130. (A) As a condition of active license renewal~~,~~:

(1) A broker or ~~salesman~~ salesperson shall provide proof of satisfactory completion biennially of ~~eight~~ sixteen hours of continuing education in commission‑approved courses ~~approved by the department and taught by instructors approved by the department~~. The ~~eight~~ sixteen hours ~~shall~~ must include a minimum of ~~two~~ four hours of instruction in ~~current federal and state law affecting brokers and salesmen~~ mandated topics.

(2) A broker‑in‑charge shall provide proof of satisfactory completion biennially of sixteen hours of continuing education in commission‑approved courses. The sixteen hours must include a minimum of four hours of instruction in mandated topics for a broker or salesperson license and four hours of continuing education must be in advanced real estate topics designed for brokers‑in‑charge.

(3) A property manager or a property manager‑in‑charge shall provide proof of satisfactory completion biennially of eight hours of continuing education in commission‑approved courses.

(4) Licenses must be renewed biennially coinciding with the licensees’ continuing education deadline. Approximately one‑half of the licensees shall renew in even‑numbered years and the remainder in odd‑numbered years.

(B) The following are exempt from the biennial continuing education required by subsection (A):

(1) a ~~broker or salesman~~ salesperson who successfully completes a post‑licensing course or takes a broker course is exempt for the renewal period during which the course was taken;

(2) a ~~broker or salesman~~ licensee while on inactive status; ~~however, the eight‑hour requirement must be completed and proof submitted with an application to return to active status;~~

(3) ~~instructors of approved courses if they request in writing continuing education credit for time spent teaching or developing approved continuing education courses;~~

~~(4)~~ a nonresident broker or ~~salesman~~ salesperson who has successfully satisfied the continuing education requirements ~~of the~~ in their jurisdiction of residence;

~~(5)~~(4) a broker, ~~or salesman upon reaching the age of sixty‑five years with a minimum of twenty‑five years of licensure~~ salesperson, or property manager may apply to be granted an experience‑based partial continuing education waiver. If the waiver is granted, he only must complete the mandatory four hour core course biennially to maintain active licensure. A broker‑in‑charge who is granted a partial waiver must take the four hour core course and the mandated four hour broker‑in‑charge course biennially. A licensee who previously was granted a full continuing education waiver before the effective date of this section must be designated as grandfathered.

(C) Brokers ~~or salesmen~~ salespersons, or property managers taking more than the required number of hours during a two‑year period may not carry forward any excess hours to another renewal period.

(D) A broker, ~~or salesman~~ salesperson, or property manager who fails to complete the continuing education requirements ~~required by~~ in this section by the date of license renewal may renew by submitting applicable fees but ~~must~~ immediately must be placed on inactive status ~~and may not engage in the practice of real estate while on inactive status~~. The license may be reactivated upon proof of completion of required continuing education and payment of applicable fees.

(E) In accordance with regulations, providers electronically shall transmit to the commission student continuing education and qualifying course records. The commission shall maintain an accurate and secure database of student records.

Section 40‑57‑135. (A) The ~~duties of the~~ broker‑in‑charge or property manager‑in‑charge ~~are to~~ shall:

(1) adequately supervise employees or associated licensees to ensure their compliance with this chapter ~~and maintain real estate trust accounts when required by law~~;

(2) review and approve all forms of listing agreements, agency agreements, offers, sale contracts, purchase contracts, leases, options, contract addenda, or other ~~routinely used~~ contractual or disclosure documents routinely used by the real estate brokerage firm;

(3) maintain adequate, reasonable, and regular contact with associated licensees engaged in real estate transactions so as to prevent or curtail practices by a licensee which would violate any provision of this chapter, Title 40, Chapter 1, the Interstate Land Sales Practices Act, or the Vacation Time Sharing Plans Act;

(4) ~~instruct employees and associated licensees on the proper handling of trust funds;~~

~~(5)~~ be available to the public during ~~normal~~ business hours in order to discuss or resolve complaints and disputes ~~which~~ that arise during the course of real estate transactions in which the broker‑in‑charge or property manager‑in‑charge or an associated licensee is involved;

~~(6)~~ ~~ensure that accurate and complete records, as required by this chapter, are maintained for real estate trust accounts;~~

~~(7)~~ ~~ensure that backup copies are maintained for computerized real estate trust accounts. Backup copies must be maintained on a data storage medium which is separate from the medium which contains the source documents;~~

~~(8)~~(5) establish and maintain a written office policy in accordance with Section 40‑57‑137(B) and make that policy readily accessible to associated licensees;

(6) ensure that all associated licensees have an active real estate license;

(7) establish and maintain control of and responsibility for an active trust account when in possession of trust funds belonging to others resulting from a real estate transaction; and

(8) notify the commission by mail within ten days of any change of office name, address, email address, or telephone number.

(B)~~(1)~~ ~~A broker‑in‑charge or property manager‑in‑charge, when taking possession of funds belonging to another in connection with a real estate transaction, shall establish and maintain control of and responsibility for an active real estate trust account so designated in the company name for which the respective broker‑in‑charge’s or property manager‑in‑charge’s license is issued; however, the brokers‑in‑charge or property managers‑in‑charge of a real estate company with multiple offices may utilize one central trust account.~~

~~(2)~~ ~~All monies received by a property manager‑in‑charge as agent for his principal in a real estate transaction must be deposited in a separate real estate trust account so designated within forty‑eight hours of receipt, excluding Saturdays, Sundays, and bank holidays; except that rent monies received by a licensee who also is directly employed by the owner of rental property may be placed in an operating or other similar account, but otherwise must be properly accounted for as provided for in this section.~~

~~(3)~~ ~~All monies received by a property manager‑in‑charge in connection with a real estate rental including, but not limited to, security deposits, pet deposits, damage deposits, and advance rentals (except earned rental proceeds) shall remain in the trust account until the lease or rental transaction expires or is terminated, at which time the monies must be disbursed in accordance with the contract which directs the property manager‑in‑charge to hold the monies, and a full accounting must be made to the landlord or tenant as appropriate. Earned rental proceeds must be disbursed to the landlord within a reasonable time after clearance of the deposit by the bank.~~

~~(4)~~ ~~All monies received by a broker‑in‑charge as agent for a principal in a real estate sales or exchange transaction must be deposited as follows in a separate real estate trust account so designated:~~

~~(a)~~ ~~cash monies or certified funds must be deposited within forty‑eight hours of receipt, excluding Saturday, Sunday, and bank holidays;~~

~~(b)~~ ~~checks must be deposited within forty‑eight hours, excluding Saturday, Sunday, and bank holidays, after acceptance of an offer by the parties to the transaction;~~

~~(c)~~ ~~all monies received by a broker‑in‑charge in connection with a real estate sales or exchange transaction and deposited in the real estate trust account shall remain in the trust account until consummation or termination of the transaction, at which time the monies must be disbursed in accordance with the contract which directs the broker‑in‑charge to hold the monies, and a full accounting must be made to the principal.~~

~~(5)~~ ~~If a dispute arises between buyer and seller concerning the entitlement to and disposition of an earnest money deposit, and the dispute is not resolved by reasonable interpretation of the contract by the parties to the contract, the deposit must be held in the trust account until the dispute is resolved by:~~

~~(a)~~ ~~a written agreement which directs the disposition of monies and is signed by all parties claiming an interest in the trust monies. The agreement must be separate from the contract which directs the broker‑in‑charge or property manager‑in‑charge to hold the monies;~~

~~(b)~~ ~~filing of an interpleader action in a court of competent jurisdiction; by filing such an action, the escrow agent may deposit the earnest money with the court, according to the rules and procedures governing interpleader actions;~~

~~(c)~~ ~~order of a court of competent jurisdiction;~~

~~(d)~~ ~~voluntary mediation.~~

~~(6)~~ ~~All trust accounts maintained by brokers‑in‑charge or property managers‑in‑charge must be located in an insured financial institution authorized to conduct business in South Carolina.~~

~~(7)~~ ~~A broker‑in‑charge or property manager‑in‑charge, when required by this chapter to establish and maintain a real estate trust account, also shall maintain, in his designated principal place of business, a recordkeeping system consisting of:~~

~~(a)~~ ~~a journal or an accounting system which records the chronological sequence in which funds are received and disbursed for real estate sales. For funds received, the journal or accounting system must include the date of receipt, the name of the party from whom the money was received, the name of the principal, identification of the property, the date of deposit, the depository, the payee, and the check numbers, dates, and amounts. A running balance must be maintained for each entry of a receipt or disbursement. The journal or accounting system must provide a means of reconciling the accounts;~~

~~(b)~~ ~~a journal or an accounting system containing, for property management, the same information as stated in subitem (a) except that the required running balance may be determined at the time of reconciliation;~~

~~(c)~~ ~~a separate record for each tenant identifying the unit, the unit owner, amount of rent, due date, security deposit, and all receipts with dates when managing property. There also must be maintained an owner’s ledger for all properties owned by each owner showing receipts and disbursements applicable to each property managed. All disbursements must be documented by bids, contracts, invoices, or other appropriate written memoranda;~~

~~(d)~~ ~~trust account deposit documents shall identify the broker‑in‑charge or property manager‑in‑charge and the buyer or tenant unless other appropriate written memoranda are maintained;~~

~~(e)~~ ~~a general ledger identifying security deposits;~~

~~(f)~~ ~~a monthly reconciliation of each separate account except where there has been no deposit or disbursement during that month. The reconciliation must include a written worksheet comparing the reconciled bank balance with the journal balance and with the ledger total to ensure agreement.~~

~~(8)~~ ~~All cash monies or certified funds received by a licensee in connection with a real estate transaction in which the licensee is engaged for his broker‑in‑charge or property manager‑in‑charge immediately must be delivered to the broker‑in‑charge or property manager‑in‑charge, except for checks received as escrow or security deposits for sales or lease agreements, which must be delivered to the broker‑in‑charge or property manager‑in‑charge as soon as the sales or lease agreement is ratified by both parties.~~

~~(9)~~ ~~A broker‑in‑charge or property manager‑in‑charge may not commingle monies or other property of the principal with the broker‑in‑charge or property manager‑in‑charge’s own money or property, except that a broker‑in‑charge or property manager‑in‑charge may maintain a clearly identified amount of his own funds in the trust account to cover bank service charges in order to avoid the closing of the account when no client’s monies are on deposit.~~

~~(10)~~ ~~Monies received by a broker‑in‑charge or property manager‑in‑charge which must be deposited in a trust account may be deposited in an interest‑bearing account. Interest earned on these monies may be retained by the broker‑in‑charge or property manager‑in‑charge only if:~~

~~(a)~~ ~~the depositor or owner of such monies has been informed of their right to ownership of the interest but relinquishes to the broker‑in‑charge or property‑manager‑in‑charge by written agreement said right of ownership; and~~

~~(b)~~ ~~if such agreement is part of a preprinted form, the language must be conspicuous.~~

~~(11)~~ ~~Records required by this chapter must be maintained for a minimum of five years and the broker‑in‑charge or property manager‑in‑charge shall furnish a copy of the records to a representative of the department upon request. Accounting records that may be requested include, but are not limited to, journals, ledgers, folios, client subaccounts, tenant accounts, canceled checks, deposit slips, and bank statements.~~

~~(12)~~ ~~A licensee may form a corporation allowing the licensee’s broker‑in‑ charge to pay commission to that corporation; however, for the corporation to receive compensation, all principals of the corporation shall have an active real estate license under that same broker‑in‑charge.~~

An associated licensee may not receive compensation from an activity requiring a real estate license from an entity or person other than the one for which the license is issued. An associated licensee may form a business entity allowing the licensee’s broker‑in‑charge or property manager‑in‑charge to pay fees or commissions to that entity if the principals in that entity hold an active real estate license.

(C)(1) A licensed broker‑in‑charge or property manager‑in‑charge shall establish and maintain a specific office location which must be accessible by the public, investigators, and inspectors during reasonable business hours.

~~(1)~~(2) A broker‑in‑charge or property manager‑in‑charge~~, in addition to the principal office location,~~ may maintain one or more ~~branch~~ offices ~~under the same company name~~ at ~~a~~ different ~~location~~ locations. Each ~~branch~~ office must be managed by a broker‑in‑charge or property manager‑in‑charge who ~~shall comply with the requirements of subsection (A)~~ is licensed for that real estate brokerage firm location. The same person may request to be licensed as broker‑in‑charge or property manager‑in‑charge of more than one office if the broker‑in‑charge or property manager‑in‑charge making the request acknowledges in writing that the applicant understands the duties and can fully assume the responsibility to ensure compliance with this chapter.

~~(2)~~(3) A licensee may not conduct real estate business under any other name or at any address other than the one for which ~~his~~ the license is issued. ~~The broker‑in‑charge or property manager‑in‑charge shall notify the department by mail within ten days of any change of office name and/or address and enclose appropriate fees.~~

~~(3)~~(4) In the event of the ~~death or~~ medical incapacitation of a broker‑in‑charge or property manager‑in‑charge which precludes ~~him~~ the licensee from carrying out the duties of a broker‑in‑charge or property manager‑in‑charge as required in this chapter or in the event of the death of a broker‑in‑charge or a property manager‑in‑charge, the department may permit an associated licensee to act as broker‑in‑charge or property manager‑in‑charge for up to six months.

(D)(1) Every broker‑in‑charge or property manager‑in‑charge shall maintain for a minimum of five years and shall furnish to the commission upon request a written copy of a:

(a) lease;

(b) contract of sale and any addenda;

(c) listing contract or buyer agency agreement;

(d) transaction broker agreement;

(e) option contract;

(f) property management agreement;

(g) residential property disclosure form; and

(h) closing statement as approved by the parties.

(2) These records may be maintained electronically as long as backup copies are stored in a separate, off‑site location.

~~(4)~~(E)(1) A licensee may not advertise, market, or offer to conduct a real estate transaction involving real estate owned in whole or in part by another person without first obtaining a written listing agreement ~~from~~ between the property owner and ~~when advertising or marketing in any medium including site signage, a licensee clearly shall identify the full name of the company with which the licensee is affiliated. Brokers‑in‑charge who are members of a multiple listing service must be allowed to make their company listings available for any cooperative marketing or advertising program, subject to the rules and regulations of the multiple listing service and with the consent of the owner. Consent may be contained and obtained from the owner through the listing agreement~~ the real estate brokerage firm with whom the licensee is associated.

(2) When advertising or marketing real estate owned in whole or in part by another person in any medium, including site signage, a licensee clearly shall identify the full name of the real estate brokerage firm with which the licensee is associated. When advertising on the Internet or in any other electronic media, this requirement may be met by including a link from the advertisement to the brokerage firm’s homepage.

~~(5)~~(3) ~~When~~ If a real estate brokerage firm is operating under a trade or franchise name, ~~a licensee clearly shall reveal~~ the identity of the franchisee or holder of the trade name must be revealed clearly. ~~Notwithstanding another provision of law, a real estate licensee may use any public information from a local government source to contact an individual by telephone, mail, electronic mail, or other means for the purpose of selling or marketing real property and real property services. This section does not apply to state government agencies.~~

~~(6)~~(F)(1) ~~A licensee~~ Licensees clearly shall reveal ~~his~~ their license status in a personal transaction involving the purchase, sale, exchange, rental, lease, or auction of real estate~~. A licensee meets the requirements of this section by disclosing~~ at first substantive contact with a consumer and in any advertising or marketing in any media. Furthermore, licensees must disclose their licensed status in bold underlined capital letters on the first page of ~~the~~ any contract ~~his license status in the real estate sales contract, exchange, rental, or lease agreement. Monies received in a personal rental transaction must be deposited in the licensee’s personal trust account and do not have to be deposited in the broker’s trust account, unless the real property is managed by the broker’s company~~ for the purchase, sale, exchange, rental, or lease of real property.

(2) Trust funds received in a licensee’s personal rental or transaction must be deposited in the licensee’s personal trust account and may not be deposited in the real estate brokerage firm’s trust account unless the real property is managed, listed, or owned by the real estate brokerage firm.

~~(7)~~ ~~Every broker‑in‑charge or property manager‑in‑charge shall maintain for a minimum of five years and shall furnish to the department upon request a written copy of a:~~

~~(a)~~ ~~lease;~~

~~(b)~~ ~~contract of sale;~~

~~(c)~~ ~~listing contract or agency agreement;~~

~~(d)~~ ~~option contract;~~

~~(e)~~ ~~management agreement;~~

~~(f)~~ ~~residential property condition disclosure statement;~~

~~(g)~~ ~~closing statement;~~

~~(h)~~ ~~policy on agency representation;~~

~~(i)~~ ~~fair housing policy.~~

~~(8)~~ ~~The department may license the same person as broker‑in‑charge or property manager‑in‑charge of more than one company or branch office if the broker‑in‑charge or property manager‑in‑charge making the request acknowledges in writing that he understands the duties and can fully assume the responsibility to ensure full compliance with this chapter by each office and the associated licensees.~~

~~(D)~~ ~~No licensee either directly or indirectly may buy for his own account or for a corporation or any other business in which he holds an interest or for a close relative, real estate listed with him or real estate for which he has been approached by the seller or prospective buyer to act as agent, without first making his true position clearly known in writing to all parties involved. Upon request of the department, the licensee shall provide evidence of having made this disclosure.~~

~~(1)~~ ~~With regard to offers to purchase real estate, a licensee shall:~~

~~(a)~~ ~~upon receipt, prepare all offers in writing and promptly present them to the seller;~~

~~(b)~~ ~~upon obtaining a written acceptance of an offer, promptly deliver true, executed copies to all parties;~~

~~(c)~~ ~~ensure that all of the terms and conditions of the transaction are included in the offer to purchase;~~

~~(d)~~ ~~ensure that changes or modifications made during negotiation are in writing and initialed and dated by both parties before proceeding with the transaction.~~

~~(2)~~ ~~Every licensee shall ensure that, at closing, both the buyer and the seller in a real estate transaction receive a complete and detailed closing statement properly accounting for all funds paid, received, and expended in connection with the transaction.~~

~~(3)A licensee may not allow or create an unreasonable delay in the closing of a transaction or act in a manner which causes failure or termination of a transaction due solely to a dispute among participating licensees concerning the division of a commission.~~

~~(4)~~(G)(1) Licensees shall properly complete agency agreements, transaction broker agreements, offers, and counteroffers and shall ensure that buyers and sellers receive closing statements.

(2) A listing or buyer’s representation agreement must be in writing and must set forth all material terms of the parties’ agency relationship including, but not limited to:

(a) a description of the agent’s duties or services to be performed for the ~~principal~~ client including, but not limited to, an explanation of the office policy regarding dual agency, ~~and~~ designated agency, and transaction brokerage if offered by the real estate brokerage firm;

(b) the amount of compensation to be paid if a flat fee or the method to be used in calculating the amount of compensation to be paid. Examples include a percentage of the purchase price of the property or hourly rates or must be based on fees for service. Compensation must be determined between the brokerage firm and the client and not by a thirty party;

(c) an explanation of how and when ~~the agent earns his~~ compensation is earned;

(d) an explanation of how compensation will be divided among participating or cooperating brokers, if applicable;

(e) the amount of retainer fees, deposits, or any other money ~~which~~ that is collected before the agent’s performance of any services on behalf of the ~~principal~~ client and an explanation of whether or not, and if so, under what conditions such monies are refundable or payable to or on behalf of the ~~principal~~ client;

(f) the duration of the agency relationship, setting forth specific dates for the beginning and ending of the relationship;

(g) the signature of all parties~~.~~;

(h) a listing agreement or buyer’s representation agreement ~~may not contain a provision requiring a party signing the agreement to notify the licensee of his intention to cancel the agreement after the definite expiration date~~ must state that it terminates on the definite expiration date unless a written extension is signed;

(i) a listing agreement or buyer’s representation agreement must ~~be~~ clearly ~~defined if intended to be~~ state, if applicable, that it is either an ‘exclusive agency’ listing or buyer’s representation agreement or ‘exclusive right to ~~sell~~ represent’ listing contract or ‘exclusive right to ~~buy~~ represent’ buyer’s representation ~~agreement~~ contract;

(j) a listing agreement or buyer’s representation agreement must clearly specify any exception or variation in amount of commission to be paid and circumstances ~~which~~ that would apply;

(k) a copy of the listing or buyer’s representation agreement must be given to the seller or buyer at the time of, or directly following, signing; and

(l) a buyer’s representation agreement must provide an adequate property description of the type of property of interest to the buyer and a price or price range for property of interest to the buyer ~~and~~. A listing agreement must have a legal description of the listed property or a description sufficient to identify the listed property and state the price of the listed property.

~~(5)~~ ~~Reserved.~~

(3) If there are no clients involved in the transaction, a real estate brokerage firm acting as a transaction broker shall complete a compensation agreement to be signed by the agent and the compensating party. This agreement must contain the amount of the compensation and identify the party responsible for payment.

(4) The broker‑in‑charge shall ensure that associated licensees prepare all offers and counteroffers in writing, have them dated and signed by the offerors, and promptly present them to the offerees or the offerees’ representative and ensure that:

(a) changes or modifications made during negotiations are in writing and initialed and dated by both parties before proceeding with the transaction;

(b) all of the terms and conditions of the transaction are included in the offer to purchase; and

(c) if associated licensees obtain a written acceptance of an offer or counteroffer, true, executed copies will be promptly delivered to all parties.

(5) If an offer is rejected without counter, an offer rejection form, promulgated by the commission, signed by the licensee affirming presentation of the offer must be provided to the offeror by the licensee, whether the agent of the buyer, the seller, or if acting as a transaction broker.

(6) Offers and counteroffers may be communicated by use of a fax or other secure electronic means including, but not limited to, the Internet, and the signatures, initials, and handwritten or typewritten modifications to any of the foregoing documents are deemed to be valid and binding upon the parties as if the original signatures, initials, and handwritten or typewritten modifications were present on the documents in the handwriting of each party.

(7) If a licensee wishes to purchase real estate listed with his or her brokerage firm, the broker‑in‑charge shall ensure that the licensee shall first make his or her true position clearly known in writing to all parties involved. Upon request of the commission, the broker‑in‑charge shall provide evidence of the licensee having made this disclosure, including:

(a) purchases made directly or indirectly by the licensee;

(b) purchases made for the licensee’s own account or for a corporation or any other business in which the licensee holds an interest or for a close relative; and

(c) real estate for which the licensee has been approached by the seller or prospective buyer to act as agent.

(8) In order for a real estate brokerage firm to claim a fee for the sale of a listed property to an associated licensee, a separate written agreement signed by the seller client must acknowledge the purchaser as a licensee affiliated with the real estate brokerage firm and recognize the seller’s right to choose not to pay the brokerage fee.

(9) A licensee shall ensure that, at closing, both the buyer and the seller in a real estate transaction receive a closing statement from the closing attorney.

(10) A licensee may not allow or create an unreasonable delay in the closing of a transaction or act in a manner, which causes failure, or termination of a transaction due solely to a dispute among participating licensees concerning the division of a fee.

~~(E)~~(H)(1) The management of each residential ~~multi‑unit~~ multiunit rental location must be provided by an on‑site licensee or an off‑site licensee if there is no on‑site staff.

~~(1)~~(2) The ~~department~~ commission may permit multiple ~~multi‑unit~~ multiunit rental property locations to be managed by one licensee.

~~(2)~~(3) An unlicensed employee of the owner of a ~~multi‑unit~~ multiunit rental property or an unlicensed individual who works under the supervision of a licensee is permitted to perform only the following duties:

(a) maintenance;

(b) clerical or administrative support;

(c) collection of rents ~~which~~ that are made payable to the owner or real estate company;

(d) showing rental units to prospective tenants;

(e) furnishing published information;

(f) providing applications and lease forms;

(g) receiving applications and leases for submission to the owner or the licensee for approval.

~~(3)~~ ~~Reserved.~~

~~(F)~~(I) ~~Licensees who~~ Real estate brokerage firms that manage residential and commercial property shall do so under a written management agreement which shall set forth, at a minimum, the:

(1) names and signatures of authorized parties to the agreement;

(2) property identification;

(3) method of compensation to the licensee;

(4) ~~term, including definite expiration date; however, the contract shall contain a clause in underlined capital letters on the first page of the contract to provide for compensation in the event the licensee has secured a tenant during the original term of the management agreement. In addition to this requirement,~~ duration of the agency relationship, setting forth specific dates for the beginning and ending of the relationship. A management agreement may not contain any automatic renewal clause or provision~~,~~ unless the management agreement also contains a clause or provision that allows either party to cancel the management agreement for any or no cause with thirty days’ notice after the original definite expiration date;

(5) compensation for any future lease renewals by tenants, and if included, the contract must contain a clause in underlined capital letters on the first page providing for such future compensation; and

(6) terms and conditions of tenant rental or lease arrangements~~;~~. However, the management agreement may not contain a provision binding the property under a future listing agreement if the property is to be sold in the future. A separate listing agreement is required.

~~(G)~~(J) For all types of real estate transactions, including leases and sales, an unlicensed employee of the owner or an unlicensed individual working under the supervision of a ~~licensee~~ broker‑in‑charge or a property manager‑in‑charge may not:

(1) discuss, negotiate, or explain a contract, listing agreement, buyer agency agreement, lease, agreement, property management agreement, or other real estate document;

(2) vary or deviate from the rental price or other terms and conditions previously established by the owner or licensee when supplying relevant information concerning the rental of property;

(3) approve applications or leases or settle or arrange the terms and conditions of a lease;

(4) indicate to the public that the unlicensed individual is in a position of authority which has the managerial responsibility of the rental property;

(5) conduct or host an open house or manage an on‑site sales or leasing office;

(6) show real property for sale other than vacant units in a multifamily building;

(7) answer questions regarding company listings, title, financing, and closing about issues, except for information that is otherwise publicly available;

(8) ~~discuss, negotiate, or explain a contract, listing, buyer agency, lease, agreement, or other real estate document;~~

~~(9)~~ be paid solely on the basis of real estate activity including, but not limited to, a percentage of commission or any amount based on the listing or sales compensation or commission;

~~(10)~~(9) negotiate or agree to compensation or commission including, but not limited to, commission splits, management fees, or referral fees on behalf of a licensee;

~~(11)~~(10)engage in an activity requiring a real estate license as required and defined by this chapter.

(K) A licensee is not required to maintain records of communications that are not designated to be retained or to create a permanent record such as text messages, instant messaging system‑formatted messages, voicemail, voice recordings, or social media posts.

Section 40‑57‑136.(A)(1) A broker‑in‑charge or a property manager‑in‑charge, when taking possession of trust funds, shall establish and maintain control of and responsibility for an active real estate trust account, which must be a demand deposit account, designated and titled to include the word ‘trust’ or ‘escrow’ in the name of the real estate brokerage firm for which the respective broker‑in‑charge’s or property manager‑in‑charge’s license is issued except that:

(a) a real estate brokerage firm, with multiple offices managed by one broker‑in‑charge or one property manager‑in‑charge, may utilize one central trust account; or

(b) a real estate brokerage firm, with multiple offices managed by separate brokers‑in‑charge or separate property managers‑in‑charge, may utilize one central trust account. Brokers‑in‑charge or property managers‑in‑charge shall maintain records which reflect the transactions in their office.

(2) All trust accounts maintained by brokers‑in‑charge or property managers‑in‑charge must be demand deposit accounts located in an insured financial institution authorized to conduct business in South Carolina.

(3) Brokers‑in‑charge and property managers‑in‑charge shall instruct employees and associated licensees on the proper handling of trust funds.

(4) Any check or statement issued in connection with the real estate trust account must reflect the title and designation of the account as provided in item (1).

(B)(1) The broker‑in‑charge or property manager‑in‑charge shall ensure that accurate and complete records, as required by this chapter, are maintained for real estate trust accounts.

(2) The brokers‑in‑charge or property managers‑in‑charge shall ensure that backup copies are maintained for computerized real estate trust accounts. Backup copies must be maintained on a data storage medium that is stored in a separate off‑site location.

(3) A broker‑in‑charge or property manager‑in‑charge may not commingle trust funds of the client with the broker‑in‑charge’s or property manager‑in‑charge’s own money, except that a broker‑in‑charge or property manager‑in‑charge may maintain a clearly identified amount of the company’s funds in the trust account to cover bank service charges or in order to avoid the closing of the account when no client’s trust funds are on deposit.

(4) All trust funds received by a licensee in connection with a real estate transaction in which the licensee is engaged for the broker‑in‑charge or property manager‑in‑charge must be delivered to the broker‑in‑charge or property manager‑in‑charge no later than the following business day.

(5) A broker‑in‑charge or property manager‑in‑charge who disburses trust funds contrary to the terms of the contract or fails to disburse trust funds not in dispute is considered to have demonstrated incompetence to act as a broker‑in‑charge or property manager‑in‑charge.

(C)(1)(a) Except as provided in subitem (b), all trust funds received by a broker‑in‑charge or property manager‑in‑charge in a real estate rental or lease transaction, must be deposited as follows in a real estate trust account:

(i) cash or certified funds must be deposited within forty‑eight hours of receipt, excluding Saturday, Sunday, and bank holidays; and

(ii) checks must be deposited within forty‑eight hours after a lease or rental agreement is signed by the parties to the transaction, excluding Saturday, Sunday, and bank holidays.

(b) Rent received by a licensee, who is directly employed by the owner of rental property, may be deposited in an operating or other similar account, but otherwise must be properly accounted for as provided for in this section. Advance rental deposits are, however, trust funds and must be treated as such.

(2) All trust funds received by a broker‑in‑charge or property manager‑in‑charge in connection with a real estate rental or lease including, but not limited to, security deposits, pet deposits, damage deposits, and advance rentals (except earned rental proceeds) and deposited in the trust account shall remain in the trust account until the lease or rental transaction expires or is terminated, at which time undisputed trust funds must be disbursed in accordance with the contract which directs the broker‑in‑charge or property manager‑in‑charge to hold the trust funds, and a full accounting must be made to the landlord or tenant as appropriate. Earned rental proceeds must be disbursed to the landlord within a reasonable time after clearance of the deposit by the bank.

(D)(1) All trust funds received by a broker‑in‑charge in a real estate sales or exchange transaction must be deposited as follows in a separate real estate trust account:

(a) cash or certified funds must be deposited within forty‑eight hours of receipt, excluding Saturday, Sunday, and bank holidays;

(b) checks must be deposited within forty‑eight hours after written acceptance of an offer by the parties to the transaction, excluding Saturday, Sunday, and bank holidays;

(c) all trust funds received by a broker‑in‑charge in connection with a real estate sales or exchange transaction and deposited in the real estate trust account shall remain in the trust account until consummation or termination of the transaction, at which time the undisputed trust funds must be disbursed in accordance with the contract which directs the broker‑in‑charge to hold the trust funds, and a full accounting must be made to the parties.

(2) A broker‑in‑charge or property manager‑in‑charge who disburses trust funds from a designated trust account under the following circumstances is deemed to have properly fulfilled the duty to the account:

(a) upon rejection of an offer to buy, sell, rent, lease, exchange, or option real estate;

(b) upon the withdrawal of an offer not yet accepted by the offeree; and

(c) at the closing of the transaction.

(E) If a dispute arises between buyer and seller concerning the entitlement to, and disposition of, trust funds and the dispute is not resolved by reasonable interpretation of the contract by the parties to the contract, the deposit must be held in the trust account until the dispute is resolved by:

(1) a written agreement which directs the disposition of monies signed by all parties claiming an interest in the trust monies. The agreement must be separate from the contract which directs the broker‑in‑charge or property manager‑in‑charge to hold the monies;

(2) filing an interpleader action in a court of competent jurisdiction;

(3) order of a court of competent jurisdiction; or

(4) voluntary mediation.

(F)(1) Records required by this chapter must be maintained for a minimum of five years and the broker‑in‑charge or property manager‑in‑charge shall furnish a copy of the records to a representative of the commission upon request. Accounting records that may be requested include, but are not limited to, journals, ledgers, folios, client subaccounts, tenant accounts, canceled checks, deposit slips, and bank statements.

(2) Brokers‑in‑charge or property managers‑in‑charge, when required by this chapter to establish and maintain a real estate trust account, also shall maintain, in their designated principal place of business, a recordkeeping system consisting of:

(a) a journal or an accounting system that records the chronological sequence in which funds are received and disbursed for real estate sales. For funds received, the journal or accounting system must include the date of receipt, the name of the party from whom the money was received, the name of the principal, identification of the property, the date of deposit, the depository, the payee, and the check numbers, dates, and amounts. A running balance must be maintained for each entry of a receipt or disbursement. The journal or accounting system must provide a means of reconciling the accounts;

(b) a journal or an accounting system containing, for property management, the same information as stated in item (a) except that the required running balance may be determined at the time of reconciliation;

(c) a separate record for each tenant identifying the unit, the unit owner, amount of rent, due date, security deposit, and all receipts with dates when managing property. An owner’s ledger also must be maintained for all properties owned by each owner showing receipts and disbursements applicable to each property managed. All disbursements must be documented by bids, contracts, invoices, or other appropriate written memoranda;

(d) trust account deposit documents must identify the buyer or tenant unless other appropriate written memoranda are maintained;

(e) a general ledger identifying security deposits;

(f) a monthly reconciliation of each separate account except if there has been no deposit or disbursement during that month. The reconciliation must include a written worksheet comparing the reconciled bank balance with the journal balance and with the ledger total to ensure agreement.

(G) Trust funds received by a broker‑in‑charge or property manager‑in‑charge which must be deposited in a trust account may be deposited in an interest‑bearing account. Interest earned on these trust funds may be retained by the broker‑in‑charge or property manager‑in‑charge if:

(1) the depositors or owners of the trust funds have been informed of their right to ownership of the interest but relinquish the right of ownership to the broker‑in‑charge or property manager‑in‑charge by written agreement; and

(2) if this agreement is part of a preprinted form, the language is conspicuous.

Section 40‑57‑137. ~~(A)~~ ~~A real estate brokerage company that provides services through an agency agreement for a client is bound by the duties of loyalty, obedience, disclosure, confidentiality, reasonable care, diligence, and accounting as set forth in this chapter. The following are the permissible agency relationships a licensee may establish:~~

~~(1)~~ ~~seller agency;~~

~~(2)~~ ~~buyer agency;~~

~~(3)~~ ~~disclosed dual agency; or~~

~~(4)~~ ~~subagency.~~

~~(B)~~ ~~The broker‑in‑charge of a real estate brokerage company shall adopt a written company policy that identifies and describes the types of real estate brokerage agency relationships in which associated licensees may engage. The written policy shall include:~~

~~(1)~~ ~~the company’s policy regarding cooperation with subagents or buyer agents, or both, and whether the broker offers compensation to these agents;~~

~~(2)~~ ~~the scope of services provided to the company’s clients;~~

~~(3)~~ ~~the scope of services provided to the company’s customers;~~

~~(4)~~ ~~when and how associated licensees shall explain and disclose their agency relationships with any interested parties to a potential transaction; the explanation and disclosure shall always comply with the minimum requirements set forth in this chapter;~~

~~(5)~~ ~~when and how an associated licensee shall explain to clients the potential for the licensee to later act as a disclosed dual agent in specific transactions, as permitted by this chapter;~~

~~(6)~~ ~~the company’s policy on compliance with state and federal fair housing laws.~~

~~(C)~~ ~~On reaching a written agreement to provide brokerage services for a seller of real estate, a seller’s agent shall:~~

~~(1)~~ ~~perform the terms of the written brokerage agreement made with the seller;~~

~~(2)~~ ~~in accordance with subsection (A), promote the interest of the seller by performing agency duties which include:~~

~~(a)~~ ~~seeking a sale at the price and terms stated in the brokerage agreement or at a price and terms acceptable to the seller, except that the licensee is not obligated to seek additional offers to purchase unless the brokerage agreement provides otherwise while the property is subject to a contract of sale;~~

~~(b)~~ ~~presenting in a timely manner all offers and counteroffers to and from the seller, even when the property is subject to a contract of sale;~~

~~(c)~~ ~~disclosing to the seller all relevant facts concerning the transaction which are actually known to the licensee or, if acting in a reasonable manner, should have been known to the licensee, except as directed otherwise in this section;~~

~~(d)~~ ~~advising the seller to obtain expert advice on matters that are beyond the expertise of the licensee;~~

~~(e)~~ ~~accounting in a timely manner, as required by this chapter, for all money and property received in which the seller has or may have an interest;~~

~~(3)~~ ~~exercise reasonable skill and care in discharging the licensee’s agency duties;~~

~~(4)~~ ~~comply with all provisions of this chapter and with any regulations adopted by the department;~~

~~(5)~~ ~~comply with all applicable federal, state, or local laws, rules, regulations, and ordinances related to real estate brokerage, including laws which relate to fair housing and civil rights;~~

~~(6)~~ ~~preserve confidential information provided by the seller during the course of and following the agency relationship that might have a negative impact on the seller’s real estate activity unless:~~

~~(a)~~ ~~the seller to whom the confidential information pertains grants consent to disclose the information; or~~

~~(b)~~ ~~disclosure is required by law; or~~

~~(c)~~ ~~disclosure is necessary to defend the licensee against an accusation of wrongful conduct in a proceeding before the commission or before a professional association or professional standards committee.~~

~~No cause of action may arise against a licensee for disclosing confidential information in compliance with subsection (C)(6)(a), (b), or (c).~~

~~(D)~~ ~~A licensee acting as a seller’s agent may offer alternative properties to prospective buyers. A licensee acting as a seller’s agent also may list for sale competing properties.~~

~~(E)~~ ~~A licensee acting as a seller’s agent may not offer a subagency relationship to other brokers or offer to compensate another broker who represents a buyer without the knowledge and consent of the seller client.~~

~~(F)~~ ~~A licensee who represents a seller shall treat all prospective buyers honestly and may not knowingly give them false or misleading information about the condition of the property which is known to the licensee or, when acting in a reasonable manner, should have been known to the licensee. Notwithstanding another provision of law, no cause of action may be brought against a seller’s agent that has truthfully disclosed to a buyer any known material defect including, but not limited to, moisture or mold problems and conditions. No cause of action may be brought against a real estate licensee by a seller for information contained in reports or opinions prepared by an engineer, land surveyor, geologist, wood destroying inspection control expert, termite inspector, mortgage broker, home inspector or other home inspection expert, or other similar reports. A seller’s agent is not obligated to discover latent defects in property or to advise the agent’s clients on matters outside the scope of the agent’s real estate expertise. A seller’s agent, the company, and the broker‑in‑charge are not liable to a buyer for providing the buyer with false or misleading information if that information was provided to the licensee by his client and the licensee did not know or have reasonable cause to suspect the information was false or incomplete.~~

~~(G)~~ ~~Nothing in this chapter limits the obligation of the buyer to inspect the physical condition of the property which the buyer may purchase.~~

~~(H)~~ ~~On reaching a written agreement to provide brokerage services to a potential buyer of real estate, a buyer’s agent shall:~~

~~(1)~~ ~~perform the terms of the written brokerage agreement made with the buyer;~~

~~(2)~~ ~~in accordance with subsection (A), promote the interest of the buyer by performing the buyer’s agent’s duties which include:~~

~~(a)~~ ~~seeking property at the price and terms stated in the brokerage agreement or at a price and terms acceptable to the buyer, except that the licensee is not obligated to seek additional properties unless the brokerage agreement provides otherwise for a buyer once the buyer becomes a party to a contract of sale;~~

~~(b)~~ ~~presenting in a timely manner all offers and counteroffers to and from the buyer;~~

~~(c)~~ ~~disclosing to the buyer all relevant facts concerning the transaction which are actually known to the licensee or, if acting in a reasonable manner, should have been known to the licensee, except as directed otherwise in this section. Nothing in this chapter shall limit a buyer’s obligation to inspect the physical condition of the property which the buyer may purchase;~~

~~(d)~~ ~~advising the buyer to obtain expert advice on material matters that are beyond the expertise of the licensee;~~

~~(e)~~ ~~accounting in a timely manner, as required by this chapter, for all money and property received in which the buyer has or may have an interest;~~

~~(3)~~ ~~exercising reasonable skill and care in discharging the buyer’s agent’s agency duties;~~

~~(4)~~ ~~complying with all provisions of this chapter and with any regulations promulgated by the department;~~

~~(5)~~ ~~complying with all applicable federal, state, or local laws, rules, regulations, and ordinances related to real estate brokerage, including laws which relate to fair housing and civil rights;~~

~~(6)~~ ~~preserving confidential information provided by the buyer during the course of or following the agency relationship that might have a negative impact on the buyer’s real estate activity unless:~~

~~(a)~~ ~~the buyer to whom the confidential information pertains, grants consent to disclose the information; or~~

~~(b)~~ ~~disclosure is required by law; or~~

~~(c)~~ ~~disclosure is necessary to defend the licensee against an accusation of wrongful conduct in a proceeding before the commission or before a professional association or professional standards committee.~~

~~No cause of action may arise against a licensee for disclosing confidential information in compliance with subsections (H)(6)(a), (b), or (c).~~

~~(I)~~ ~~A licensee acting as a buyer’s agent may offer properties which interest his buyer client to other potential buyers.~~

~~(J)~~ ~~A licensee acting as a buyer’s agent may not offer a subagency relationship to other brokers or offer to compensate another broker who represents a seller without the knowledge and consent of the buyer client.~~

~~(K)~~ ~~A licensee who represents a buyer shall treat all prospective sellers honestly and may not knowingly give them false or misleading information about the buyer’s ability to perform the terms of a transaction. A buyer’s agent is not obligated to discover latent defects in property or to advise his clients on matters outside the scope of his real estate expertise. Notwithstanding another provision of law, no cause of action may be brought against a buyer’s agent that has truthfully disclosed to a buyer known material defects including, but not limited to, moisture or mold problems and conditions. No cause of action may be brought against a real estate licensee by a buyer for information contained in reports or opinions prepared by an engineer, land surveyor, geologist, wood destroying inspection control expert, termite inspector, mortgage broker, home inspector or other home inspection expert, or other similar reports. A buyer’s agent, his company, and the broker‑in‑charge are not liable to a seller for providing the seller with false or misleading information if that information was provided to the licensee by his client and the licensee did not know or have reasonable cause to suspect the information was false or incomplete.~~

~~(L)~~ ~~A licensee who represents one party to a real estate transaction may provide assistance to other parties to the transaction by performing ministerial acts such as writing and conveying offers, and providing information and aid concerning other professional services not related to the real estate brokerage services being performed for a client. Performing ministerial acts does not create an agency relationship.~~

~~(M)(1)~~ ~~A licensee may act as a disclosed dual agent only with the prior informed and written consent of all parties. The informed consent must be evidenced by a dual agency agreement, promulgated by the commission, and must be signed by the buyer before writing an offer and by the seller before signing the sales contract. The agreement must specify the transaction in which a licensee is serving as dual agent and must state that:~~

~~(a)~~ ~~in acting as a dual agent, a licensee represents clients whose interests may be adverse and that agency duties are limited;~~

~~(b)~~ ~~the dual agent may disclose information gained from one party to another party if the information is relevant to the transaction, except if the information concerns:~~

~~(i)~~ ~~the willingness or ability of a seller to accept less than the asking price;~~

~~(ii)~~ ~~the willingness or ability of a buyer to pay more than an offered price;~~

~~(iii)~~ ~~confidential negotiating strategy not disclosed in an offer as terms of a sale; or~~

~~(iv)~~ ~~the motivation of a seller for selling property or the motivation of a buyer for buying property.~~

~~(c)~~ ~~the clients may choose to consent to disclosed dual agency or may reject it; and~~

~~(d)~~ ~~the clients have read and understood the agency agreement and the agency disclosure form and acknowledge that their consent to dual agency is voluntary.~~

~~(2)~~ ~~A broker‑in‑charge and his affiliated licensees in the broker’s main office may conduct business with a client in any of the broker’s branch offices as a customer or client without creating a dual agency relationship, so long as the branch offices each have a separate broker‑in‑charge and do not share the same broker‑in‑charge or real estate licensees as the main office.~~

~~(N)~~ ~~A subagent is a designated broker and all associated licensees engaged by a broker of another company to act as agent for his client. A subagent owes the same duties and responsibilities to the client as the client’s primary broker pursuant to subsections (C) and (H).~~

~~(O)(1)~~ ~~Prospective buyers and sellers of unlisted real estate who do not choose to establish an agency relationship with a licensee but who use the services of the licensee are considered customers. A licensee may offer the following services to a customer including, but not limited to:~~

~~(a)~~ ~~identify and show property for sale, lease, or exchange;~~

~~(b)~~ ~~provide real estate statistics and information on property;~~

~~(c)~~ ~~provide pre‑printed real estate form contracts, leases, and related exhibits and addenda;~~

~~(d)~~ ~~act as a scribe in the preparation of real estate form contracts, leases, and related exhibits and addenda;~~

~~(e)~~ ~~locate a list of architects, engineers, surveyors, inspectors, lenders, insurance agents, attorneys, and other professionals; and~~

~~(f)~~ ~~identify schools, shopping facilities, places of worship, and other similar facilities on behalf of any of the parties in a real estate transaction.~~

~~(2)~~ ~~A licensee offering services to a customer shall:~~

~~(a)~~ ~~timely present all offers to and from the parties involving the sale, lease, and exchange of property;~~

~~(b)~~ ~~timely account for all money and property received by the broker on behalf of a party in a real estate transaction;~~

~~(c)~~ ~~provide a meaningful explanation of agency relationships in real estate transactions;~~

~~(d)~~ ~~provide an explanation of the scope of services to be provided by the licensee; and~~

~~(e)~~ ~~be fair and honest and provide accurate information in all dealings.~~

~~(3)~~ ~~Nothing in this section limits the seller’s and buyer’s responsibility to conduct an inspection of the property.~~

~~(4)~~ ~~A licensee offering services to a customer may not knowingly give a party in a real estate transaction false information; however, the licensee is not liable to a party for providing false information to the party if the real estate licensee did not have actual knowledge that the information was false and discloses to the party the source of the information. Nothing in this subsection limits an obligation of a seller under applicable law to disclose to prospective buyers all adverse material facts actually known by the seller pertaining to the physical condition of the property or limits the obligation of prospective buyers to inspect and to familiarize themselves with potentially adverse conditions related to the physical condition of the property, improvements located on the property, and the area in which the property is located. No cause of action arises on behalf of a person against a real estate licensee for revealing information in compliance with this subsection. No licensee is liable for failure to disclose a matter other than those matters enumerated in this subsection. Violations of this subsection do not create liability on the part of the real estate licensee absent a finding of fraud on the part of the licensee.~~

~~(5)~~ ~~Notwithstanding another provision of law, no cause of action may be brought against a real estate licensee who has truthfully disclosed to a customer known material defects including, but not limited to, moisture or mold problems and conditions. No cause of action may be brought against a real estate licensee by a customer for information contained in any reports or opinions prepared by an engineer, land surveyor, geologist, wood destroying inspection control expert, termite inspector, mortgage broker, home inspector or other home inspection expert, or other similar reports. A real estate licensee may not be the subject of an action and no action may be instituted against a real estate licensee by a customer for information contained in the form prescribed by Chapter 50, Title 27 unless the real estate licensee is signatory to that opinion or report.~~

~~(P)(1)~~ ~~A broker‑in‑charge may assign, through the adoption of a company policy, different licensees affiliated with the broker‑in‑charge as designated agents to exclusively represent different clients in the same transaction. Any company policy adopted to fulfill the requirements of this subsection must contain provisions reasonably calculated to ensure each client is represented in accordance with the requirements of this chapter.~~

~~(2)~~ ~~A broker‑in‑charge may personally, or through the broker’s duly authorized real estate licensed representative, specifically designate, in a written agency agreement obtained in accordance with this chapter, one or more affiliated licensees who will be acting as agent of the buyer client or seller client to the exclusion of all other affiliated licensees. Buyers and sellers shall consent to enter into designated agency relationships. The informed consent must be evidenced by a designated agency agreement, promulgated by the commission, and must be signed by the buyer before writing the offer and by the seller before signing the sales agreement. The designated agency agreement must include language informing the buyer and seller of the obligations of the broker‑in‑charge and affiliated agents under this section. The designated agency agreement shall include language informing the buyer and seller of the obligations of the broker‑in‑charge and affiliated agents under this section.~~

~~(3)~~ ~~If a buyer client of a designated agent wants to view a property that was personally listed by the broker‑in‑charge, the broker‑in‑charge shall act as a dual agent with the written consent of the buyer and seller, as required by subsection (M).~~

~~(4)~~ ~~A designated agent of a seller client has the duties and obligations set forth in subsections (C) through (G). A designated agent of a buyer client has the duties and obligations set forth in subsections (H) through (K).~~

~~(5)~~ ~~In a transaction where both buyer and seller are represented by designated agents and the designated agents are supervised by the same broker‑in‑charge, the broker‑in‑charge shall act as a dual agent pursuant to subsection (M). The broker‑in‑charge is not required to complete a dual agency agreement under this provision. Consent must be contained in the designated agency agreement.~~

~~(6)~~ ~~A designated agent may disclose to the designated agent’s broker‑in‑ charge, or his licensed representative, confidential information of a client for the purpose of seeking advice or assistance for the benefit of the client in regard to a transaction.~~

~~(7)~~ ~~If a buyer client of a real estate licensee in a designated agent role wants to view and make an offer to purchase a property owned by a seller client of the same real estate licensee, the real estate licensee must act as a dual agent with the written consent of the buyer and seller, as required by subsection (M).~~

~~(8)~~ ~~If a broker‑in‑charge appoints different designated agents in accordance with subsection (P)(1), the broker‑in‑charge, all remaining affiliated licensees, and the real estate brokerage firm must be deemed to be dual agents, except for the designated licensees and those licensees in the firm’s branch offices so long as those branch offices have a separate broker‑in‑charge. The broker‑in‑charge is not required to complete a dual agency agreement under this provision. Consent must be contained in the designated agency agreement.~~

~~(9)~~ ~~When designated agents are appointed in accordance with subsection (P)(1), the broker‑in‑charge, the clients, and the designated agents must be considered to possess only actual knowledge and information; there may be no imputation of knowledge or information between and among the broker‑in‑ charge, the designated agents, and the clients. Designated agents must not disclose, except to the designated agent’s broker‑in‑charge, information made confidential by written request or instruction of the client whom the designated agent is representing, except information allowed to be disclosed by this section or required to be disclosed by this section. Unless required to be disclosed by law, the broker‑in‑charge of a designated agent may not reveal confidential information received from either the designated agent or the client with whom the designated agent is working. For the purposes of this section, confidential information is information the disclosure of which has not been consented to by the client and that could harm the negotiating position of the client.~~

~~(10)~~ ~~The designation of one or more of a broker‑in‑charge’s affiliated licensees as designated agents does not permit the disclosure by the broker‑in‑charge or affiliated licensees of any information made confidential by an express written request or instruction by a party before or after the creation of the designated agency. The broker‑in‑charge and affiliated licensees shall continue to maintain this confidential information unless the party from whom the confidential information was obtained permits its disclosure by written agreement or disclosure is required by law. No liability is created as a result of a broker‑in‑charge and affiliated licensee’s compliance with this subsection.~~

~~(Q)~~ ~~The provisions of this section which are inconsistent with applicable principles of common law supersede the common law, and the common law may be used to aid in interpreting or clarifying the duties described in this section. Except as otherwise stated, nothing in the section precludes an injured party from bringing a cause of action against licensees, their companies, or their brokers‑in‑charge.~~

~~(R)~~ ~~The payment or promise of payment of compensation to a real estate licensee by a seller, buyer, landlord, or tenant does not determine whether an agency relationship has been created between any real estate licensee and a seller, buyer, landlord, or tenant.~~

(A) A real estate brokerage firm that provides services through an agency agreement for a client is bound by the duties of loyalty, obedience, disclosure, confidentiality, reasonable care, diligence, and accounting as set forth in this chapter. The following are the permissible brokerage relationships a real estate brokerage firm may establish:

(1) seller agency;

(2) buyer agency;

(3) disclosed dual agency;

(4) designated agency; or

(5) transaction brokerage.

(B) The broker‑in‑charge of a real estate brokerage firm shall adopt a written company policy that identifies and describes the types of real estate brokerage relationships in which associated licensees may engage, including teams and limited function referral offices. The written policy must include:

(1) the real estate brokerage firm’s policy regarding cooperation with transaction brokers, or both buyer agents, and transaction brokers, and whether the broker offers compensation to these licensees;

(2) the scope of services provided to the real estate brokerage firm’s clients;

(3) the scope of services provided to the real estate brokerage firm’s customers;

(4) when and how associated licensees shall explain and disclose their brokerage relationships with any interested parties to a potential transaction. The explanation and disclosure shall always comply with the minimum requirements set forth in this chapter;

(5) when and how an associated licensee shall explain the potential for the licensee to later act as a disclosed dual agent, designated agent or transaction broker in specific transactions, as permitted by this chapter; and

(6) the real estate brokerage firm’s policy on compliance with state and federal fair housing laws.

(C) On reaching a written agency agreement to provide brokerage services for a seller of real estate, a seller’s agent shall:

(1) perform the terms of the written brokerage agreement made with the seller;

(2) pursuant to subsection (A), promote the interest of the seller by performing agency duties which include:

(a) seeking a sale at the price and terms stated in the brokerage agreement or at a price and terms acceptable to the seller, except that the real estate brokerage firm is not obligated to seek additional offers to purchase unless the brokerage agreement provides otherwise while the property is subject to a contract of sale;

(b) presenting in a timely manner all written offers and counteroffers to and from the seller, even when the property is subject to a contract of sale;

(c) disclosing to the seller all material adverse facts concerning the transaction which are actually known to the seller’s agent except as directed otherwise in this section;

(d) advising the seller to obtain expert advice on matters that are beyond the expertise of the licensee;

(e) accounting in a timely manner, as required by this chapter, for all money and property received in which the seller has or may have an interest;

(3) exercise reasonable skill and care in discharging the licensee’s agency duties;

(4) comply with all provisions of this chapter and with any regulations adopted by the commission;

(5) comply with all applicable federal, state, or local laws, rules, regulations, and ordinances related to real estate brokerage, including laws which relate to fair housing and civil rights;

(6) preserve confidential information provided by the seller during the course of and following the agency relationship that might have a negative impact on the seller’s real estate activity unless:

(a) the seller to whom the confidential information pertains grants written consent to disclose the information;

(b) disclosure is required by law; or

(c) disclosure is necessary to defend the licensee against an accusation of wrongful conduct in a proceeding before the commission or before a professional association or professional standards committee; or

(d) the information becomes public from a source other than the broker.

No cause of action may arise against a licensee for disclosing confidential information in compliance with subsection (C)(6)(a), (b), (c), or (d).

(D) A licensee acting as a seller’s agent may offer alternative properties to prospective buyers. A licensee acting as a seller’s agent also may list for sale competing properties.

(E) On reaching a written agency agreement to provide brokerage services to a potential buyer of real estate, a buyer’s agent shall:

(1) perform the terms of the written brokerage agreement made with the buyer;

(2) in accordance with subsection (A), promote the interest of the buyer by performing the buyer’s agent’s duties which include:

(a) seeking the type of property at the price and terms stated in the brokerage agreement or at a price and terms acceptable to the buyer, except that the licensee is not obligated to seek additional properties unless the brokerage agreement provides otherwise for a buyer once the buyer becomes a party to a contract of sale;

(b) presenting in a timely manner all written offers and counteroffers to and from the buyer;

(c) disclosing to the buyer all material adverse facts concerning the transaction which are actually known to the licensee except as directed otherwise in this section. Nothing in this chapter may limit a buyer’s obligation to inspect the physical condition of the property which the buyer may purchase;

(d) advising the buyer to obtain expert advice on material matters that are beyond the expertise of the licensee; and

(e) accounting in a timely manner, as required by this chapter, for all money and property received in which the buyer has or may have an interest;

(3) exercising reasonable skill and care in discharging the buyer’s agent’s agency duties;

(4) complying with all provisions of this chapter and with any regulations promulgated by the commission;

(5) complying with all applicable federal, state, or local laws, rules, regulations, and ordinances related to real estate brokerage, including laws which relate to fair housing and civil rights;

(6) preserving confidential information provided by the buyer during the course of or following the agency relationship that might have a negative impact on the buyer’s real estate activity unless:

(a) the buyer to whom the confidential information pertains, grants written consent to disclose the information;

(b) disclosure is required by law;

(c) disclosure is necessary to defend the licensee against an accusation of wrongful conduct in a proceeding before the commission or before a professional association or professional standards committee; or

(d) the information becomes public from a source other than the licensee.

No cause of action may arise against a licensee for disclosing confidential information in compliance with subsections (C)(6)(a), (b), (c), or (d).

(F) A licensee acting as a buyer’s agent may offer properties which interest his buyer client to other potential buyers. However, if the licensee has two competing buyer clients in a single real estate transaction, the agent will give written notice to each buyer client that neither will receive the confidential information of the other.

(G)(1) A licensee shall treat all parties honestly and may not knowingly give them false or misleading information about the condition of the property which is known to the licensee. A licensee is not obligated to discover latent defects or to advise parties on matters outside the scope of the licensee’s real estate expertise. Notwithstanding another provision of law, no cause of action may be brought against a licensee who has truthfully disclosed to a buyer any known material defect.

(2) No cause of action may be brought against a real estate brokerage firm or licensee by a party for information contained in reports or opinions prepared by an engineer, land surveyor, geologist, wood destroying organism control expert, termite inspector, mortgage broker, home inspector, or other home inspection expert, or other similar reports.

(3) A licensee, the real estate brokerage firm, and the broker‑in‑charge are not liable to a party for providing the party with false or misleading information if that information was provided to the licensee by the client or customer and the licensee did not know the information was false or incomplete.

(4) No cause of action may arise against a real estate licensee involved in a transaction for failure to disclose in a transaction:

(a) that the subject real estate is or was occupied by an individual who was infected with a virus or any other disease which has been determined by medical evidence as being highly unlikely to be transmitted through occupancy of a dwelling place either presently or previously occupied by the infected individual;

(b) that a death on the property has occurred or the manner of the death;

(c) the location of a registered sex offender;

(d) any off‑site condition or hazard that does not directly impact the property being transferred; or

(e) any psychological impact that has no material impact on the physical condition of the property being transferred.

(H) Nothing in this chapter limits the obligation of the buyer to inspect the physical condition of the property.

(I)(1) A real estate brokerage firm may act as a disclosed dual agent only with the prior informed and written consent of all parties. Consent is presumed to be informed if a party signs a completed copy of a dual agency agreement, promulgated by the commission. At the latest, the form must be signed by the buyer before writing an offer and by the seller before signing the sales contract. The agreement must specify the transaction, and must name the parties to the dual agency consent agreement, and must state that:

(a) in acting as a dual agent, the real estate brokerage firm represents clients whose interests may be adverse and that agency duties are limited;

(b) the associated licensees of the real estate brokerage firm may disclose information gained from one party to another party if the information is relevant to the transaction, except if the information concerns:

(i) the willingness or ability of a seller to accept less than the asking price;

(ii) the willingness or ability of a buyer to pay more than the offered price;

(iii) any confidential negotiating strategy not disclosed in an offer as terms of a sale; or

(iv) the motivation of a seller for selling property or the motivation of a buyer for buying property;

(c) that the clients may choose to consent to the disclosed dual agency or may reject it; and

(d) that the clients have read and understood the dual agency agreement and acknowledge that their consent to dual agency is voluntary.

(2) A broker‑in‑charge and associated licensees in one office of a real estate brokerage firm may conduct business with a client of any other offices of the real estate brokerage firm as a customer or client without creating a dual agency relationship, so long as the branch offices each have a separate broker‑in‑charge and do not share the same associated licensees.

(J)(1) A broker‑in‑charge may assign, through the adoption of a company policy, different licensees affiliated with the broker‑in‑charge as designated agents to exclusively represent different clients in the same transaction. Any company policy adopted to fulfill the requirements of this subsection must contain provisions reasonably calculated to ensure each client is represented in accordance with the requirements of this chapter.

(2) A broker‑in‑charge may personally, or through the broker’s duly authorized real estate licensed representative, specifically designate one or more associated licensees who will be acting as agent of the buyer client or seller client to the exclusion of all other associated licensees. Buyers and sellers shall give informed consent to enter into designated agency relationships. The informed consent must be evidenced by a designated agency agreement promulgated by the commission, and must be signed by the buyer before writing the offer and by the seller before signing the sales agreement. The designated agency agreement must include language informing the buyer and seller of the obligations of the broker‑in‑charge and associated licensees under this section.

(3) If a buyer client of a real estate brokerage firm wants to view a property that was personally listed by the broker‑in‑charge, the real estate brokerage firm shall act as a dual agent with the written consent of the buyer and seller, as required by subsection (I). If a seller client of a real estate brokerage firm wants to sell a property to a buyer client of the real estate brokerage firm that is personally represented by the broker‑in‑charge, the real estate brokerage firm shall act as a dual agent with the written consent of the buyer and seller, as required by subsection (I).

(4) A designated agent of a seller client has the duties and obligations set forth in subsections (C) through (E). A designated agent of a buyer client has the duties and obligations set forth in subsections (E), (G), and (H).

(5) In a transaction where both buyer and seller are represented by designated agents, the broker‑in‑charge shall act as a dual agent pursuant to subsection (I). The broker‑in‑charge is not required to complete a dual agency agreement under this provision. Consent must be contained in the designated agency agreement.

(6) A designated agent may disclose to the designated agent’s broker‑in‑charge, or the licensed representative appointed by the broker‑in‑charge, confidential information of a client for the purpose of seeking advice or assistance for the benefit of the client in regard to a transaction.

(7) If a buyer client of a real estate brokerage firm wants to view and make an offer to purchase a property owned by a seller client being represented by the same associated licensee, the real estate brokerage firm must act as a dual agent with the written consent of the buyer and seller, as required by subsection (I).

(8) If a broker‑in‑charge appoints different associated licensees as designated agents in accordance with subsection (J)(1), the broker‑in‑charge, all remaining affiliated licensees, and the real estate brokerage firm must be deemed to be dual agents.

(9) There may be no imputation of knowledge or information between and among the broker‑in‑charge, and any agents, and the clients. Designated agents must not disclose, except to the designated agent’s broker‑in‑charge or appointed representative, information made confidential by written request or instruction of the client whom the designated agent is representing, except information allowed to be disclosed by this section or required to be disclosed by this section. Unless required to be disclosed by law, the broker‑in‑charge of a designated agent may not reveal confidential information received from either the designated agent or the client with whom the designated agent is working. For the purposes of this section, confidential information is information the disclosure of which has not been consented to by the client and that could harm the negotiating position of the client.

(10) The designation of one or more of a broker‑in‑charge’s associated licensees as designated agents does not permit the disclosure by the broker‑in‑charge or associated licensees of any information made confidential by an express written request or instruction by a party before or after the creation of the designated agency. The broker‑in‑charge and associated licensees shall continue to maintain this confidential information unless the party from whom the confidential information was obtained permits its disclosure by written agreement or disclosure is required by law. No liability is created as a result of a broker‑in‑charge’s and associated licensee’s compliance with this subsection.

(K) A licensee who represents one party to a real estate transaction may provide assistance to other parties to the transaction by performing ministerial acts such as writing and conveying offers, and providing information and aid concerning other professional services not related to the real estate brokerage services being performed for a client. Performing ministerial acts does not create an agency relationship.

(L)(1) A real estate brokerage firm may offer transaction brokerage to potential buyers and sellers. A transaction broker may be a single agent of a party in a transaction, giving the other party customer service or the transaction broker may facilitate the transaction without representing either party.

(2) Licensees operating as transaction brokers are required to disclose to buyers and sellers their role and duties in offering customer services to the consumer that shall include the following:

(a) honesty and fair dealing;

(b) accounting for all funds;

(c) using skill, care and diligence in the transaction;

(d) disclosing material adverse facts that affect the transaction, or the value or condition of the real property and that are not readily ascertainable;

(e) promptly presenting all written offers and counteroffers;

(f) limited confidentiality, unless waived in writing by a party. This limited confidentiality prohibits disclosing:

(i) information concerning a buyer’s motivation to buy or the buyer’s willingness to make a higher offer than the price submitted in a written offer;

(ii) factors motivating a seller to sell or the seller’s willingness to accept an offer less than the list price;

(iii) that a seller or buyer will agree to financing terms other than those offered; and

(iv) any information requested by a party to remain confidential, except information required by law to be disclosed;

(g) any additional duties that are entered into by separate agreement.

(3) Prospective buyers and sellers who do not choose to establish an agency relationship with a real estate brokerage firm but who use the services of the firm are considered customers. A licensee may offer the following services to a customer as a single agent or as a transaction broker including, but not limited to:

(a) identifying and showing property for sale, lease, or exchange;

(b) providing real estate statistics and information on property;

(c) providing preprinted real estate forms, contracts, leases, and related exhibits and addenda;

(d) acting as a scribe in the preparation of real estate forms, contracts, leases, and related exhibits and addenda;

(e) providing a list of architects, engineers, surveyors, inspectors, lenders, insurance agents, attorneys, and other professionals; and

(f) identifying schools, shopping facilities, places of worship, and other similar facilities on behalf of any of the parties in a real estate transaction.

(4) A licensee offering services to a customer shall:

(a) timely present all written offers to and from the parties involving the sale, lease, and exchange of property, even when the property is subject to a contract of sale;

(b) timely account for all money and property received by the broker on behalf of a party in a real estate transaction;

(c) provide a meaningful explanation of brokerage relationships in real estate transactions;

(d) provide an explanation of the scope of services to be provided by the licensee; (e) be fair and honest and provide accurate information in all dealings;

(f) keep information confidential as requested in writing by the customer; and

(g) disclose known material facts regarding the property or the transaction.

(M) The provisions of this section which are inconsistent with applicable principles of common law supersede the common law, and the common law may be used to aid in interpreting or clarifying the duties described in this section. Except as otherwise stated, nothing in the section precludes an injured party from bringing a cause of action against licensees, their companies, or their brokers‑in‑charge.

Section 40‑57‑138. (A) The broker‑in‑charge must be responsible for supervising the team and all licensed members of the team. The broker‑in‑charge shall not delegate supervisory responsibilities to the team members or team leader. Written office policy of the broker‑in‑charge shall address team relationships in which associated licensees may engage.

(B) The team may act as disclosed dual agents only and with the prior informed and written consent of all parties and as addressed in the broker‑in‑charge’s written office policy.

(C) Team members must conduct all real estate brokerage activities from their commission‑established office under the supervision of a broker‑in‑charge.

(D) Team advertising must contain the team name and the full name of the real estate brokerage firm displayed in a conspicuous way.

Section 40‑57‑139. (A) A licensee shall provide at the first practical opportunity to all potential buyers and sellers of real estate with whom the licensee has substantive contact:

(1) a meaningful explanation of ~~agency~~ brokerage relationships in real estate transactions that are offered by that real estate brokerage firm, including an explanation of customer and client services;

(2) ~~an agency~~ disclosure of brokerage relationships form prescribed by the commission.

(B) ~~A licensee who becomes a seller’s agent shall provide an agency disclosure form to the seller at the time the listing is obtained and signed.~~ Acknowledgement of receipt of the Disclosure of Brokerage Relationships form must be contained in ~~the listing~~ any agency agreement and in any sales contract. In addition, each sales contract must require the buyer and the seller to acknowledge whether they received customer or client service in that real estate transaction.

(C) ~~A licensee who becomes a buyer’s agent shall provide an agency disclosure form to the buyer at the time an agency agreement is signed. Acknowledgement of receipt of the form must be contained in the buyer agency agreement.~~

~~(D)~~ ~~A licensee who becomes a disclosed dual agent shall provide to both buyer and seller an agency disclosure form in accordance with Section 40‑57‑137 after buyer has completed and signed a buyer agency agreement and seller has completed and signed a listing agreement. Acknowledgement of receipt of the form by buyer and seller must be contained in their separate agency agreements.~~

~~(E)~~ ~~A licensee who has substantive contact with a potential buyer or seller shall provide to the potential buyer or seller an agency disclosure form at the first substantive contact.~~

At the time of first contact, it is presumed that the potential buyer or seller is to be a customer of the ~~licensee~~ real estate brokerage firm and that the real estate brokerage firm will be acting as a transaction broker as defined by this chapter and that the ~~licensee~~ real estate brokerage firm shall offer services to ~~a~~ the customer as defined by Section 40‑57‑137~~(O)~~(L) only until the potential buyer or seller ~~requests~~ signs an agency representation agreement~~; however, before ratification of the real property sales agreement, the real estate licensee must represent either the buyer or seller in an agency capacity in order to be in compliance with this chapter~~.

~~(F)~~(D) If first contact occurs over the telephone or other electronic means, including the Internet and electronic mail, a ~~licensee shall provide a buyer with the agency~~ Disclosure of Brokerage Relationships form ~~at the first substantive contact or a copy of the form~~ may be sent by electronic means, including the Internet and electronic mail.

~~(G)~~(E) For all real estate transactions, no agency relationship between a buyer, seller, landlord, or tenant and a real estate brokerage ~~company~~ firm and its ~~affiliated~~ associated licensees exists unless the buyer, seller, landlord, or tenant and the brokerage company and its ~~affiliated~~ associated licensees agree, in writing, to the agency relationship. No type of agency relationship may be assumed by a buyer, seller, landlord, tenant, or licensee or created orally or by implication. A ~~licensee~~ real estate brokerage firm must not be considered to have an agency relationship with a party or have agency obligations to a party but is responsible only for exercising reasonable care in the discharge of the ~~licensee’s~~ real estate brokerage firm’s specified duties, as provided in this chapter, and, in the case of a client, as specified in the agency agreement.

~~(H)~~ ~~If a licensee with an existing or prior agency agreement with either a customer or a client enters into a new agency agreement with the customer or client, the licensee shall timely disclose that fact and the new agency relationship to all licensees, customers, or clients involved in the contemplated real estate transaction.~~

(F) The payment or promise of payment of compensation to a real estate brokerage firm by a seller, buyer, landlord, or tenant does not determine whether an agency relationship has been created between any real estate licensee and a seller, buyer, landlord, or tenant.

~~(I)~~(G) The ~~agency~~ brokerage relationship disclosure requirements of this section do not apply if:

(1) the transaction is regarding the rental or lease of ~~residential or commercial~~ property; or

(2) the communication from the licensee is a solicitation of business~~; or~~

~~(3)~~ ~~the transaction is regarding the sale of property by auction~~.

Section 40‑57‑140. ~~(A)~~ A real estate broker and all associated licensees owe no duty or obligation to a client following termination, expiration, completion, or performance of an agency agreement or closing of the real property transaction, whichever occurs first, except the duties of:

(1) accounting in a timely manner for all money and property related to and received during the relationship; and

(2) keeping confidential all information received during the course of the engagement which was made confidential by request or instructions from the client, except as provided for in Sections 40‑57‑137(C)(6) and 40‑57‑137~~(H)~~(J)(6) unless:

(a) the client permits the disclosure by written agreement;

(b) the disclosure is required by law; or

(c) disclosure is necessary to defend the licensee against an accusation of wrongful conduct in a proceeding before the commission or before a professional association or professional standards committee; or

(d) the information becomes public from a source other than the broker.

~~(B)~~ ~~Notwithstanding another provision to the contrary contained in this chapter, if a conflict arises between a broker’s duty to keep the confidence of a client and the duty not to give customers false information, the broker’s duty not to give false information to customers prevails and governs the broker’s actions. No cause of action arises on behalf of a person against a broker‑in‑charge or affiliated licensees for revealing information in compliance with this subsection.~~

~~(C)~~ ~~A broker‑in‑charge and his affiliated licensees in the broker’s main office may conduct business with a previous client of the broker’s branch offices as a customer or client, so long as the branch offices have a separate broker‑in‑charge and do not share the same broker‑in‑charge as the main office.~~

Section 40‑57‑145. (A) In addition to Section 40‑1‑110, the commission may deny issuance of a license to an applicant or may take disciplinary action against a licensee who:

(1) makes a substantial misrepresentation on an application for a real estate license;

(2) makes a substantial misrepresentation involving a real estate transaction;

~~(2)~~(3) makes false promises of a character likely to influence, persuade, or induce;

~~(3)~~(4) pursues a continued and flagrant course of misrepresentation or makes false and misleading promises through ~~associated licensees or through~~ any medium of advertising or otherwise;

~~(4)~~(5) in the practice of real estate, demonstrates bad faith, dishonesty, untrustworthiness, or incompetency in a manner as to endanger the interest of the public;

~~(5)~~(6) represents ~~or attempts to represent~~ a real estate broker other than ~~his~~ the broker‑in‑charge or property manager‑in‑charge ~~without the express knowledge and written consent of the employing broker‑in‑charge or property manager‑in‑charge~~ with whom they are licensed;

~~(6)~~(7) guarantees or authorizes and permits any associated licensee to guarantee future profits from the resale of real estate;

~~(7)~~(8) makes a dual set of contracts, written or otherwise, by stating a sales price ~~higher~~ other than the actual sales price ~~in an effort to obtain a larger loan from a lender or lending institution or for the purpose of misinforming a governmental agency or any other reason~~;

~~(8)~~(9) is convicted of violating the federal and state fair housing laws, forgery, embezzlement, breach of trust, larceny, obtaining money or property under false pretense, extortion, fraud, conspiracy to defraud, or has been convicted of a ~~violent crime as defined in Section 16‑1‑60, has been convicted during the previous five years of a felony directly related to the practice of the profession, or has been convicted during the previous seven years of a felony, an essential element of which is dishonesty, reasonably related to the practice of the profession~~ felony sex‑related, felony drug‑related, felony real estate‑related, felony financial, or felony violent offense, or pleading guilty or nolo contendere to any such offense in a court of competent jurisdiction of this State, any other state, or any federal court;

~~(9)~~(10) fails to report to the ~~department~~ commission in writing by certified mail, within ten days, notice of conviction of a crime provided for in item ~~(8)~~(9);

~~(10)~~(11) fails, within a reasonable time, to account for or to remit any ~~monies~~ trust funds coming into ~~his~~ a licensee’s possession which belong to others;

~~(11)~~(12) pays a commission or compensation to an unlicensed individual for activities requiring a license under this chapter. Notwithstanding this section, a licensee may not pay or offer to pay a referral fee or finder’s fee to an unlicensed individual ~~that~~ who is not a party in the real estate sales or rental transaction;

~~(12)~~(13) violates any provision of law relating to a buyer’s or seller’s freedom of choice in choosing an attorney, insurance agent, title insurance agent, or any other service provider to facilitate the ~~buyer’s~~ real estate transaction;

~~(13)~~(14) fails to disclose in accordance with Section 40‑57‑139 the party or parties for whom the licensee will be acting as an agent in a real estate transaction, if any;

~~(14)~~(15) receives compensation in a real estate transaction or directly resulting from a real estate transaction from more than one party except with the full knowledge and written ~~consent of~~ disclosure to all parties;

~~(15)~~(16) represents more than one party in a real estate transaction without the full written knowledge and consent of all parties ~~the licensee represents as provided in Section 40‑57‑137(M)~~;

~~(16)~~(17) acts ~~in the dual capacity of agent and~~ as an undisclosed principal in a real estate transaction;

~~(17)~~(18) accepts deposit money which is to be delivered to the licensee’s principal in a real estate transaction without informing the payor and having the payor acknowledge in writing who will hold the money received by the licensee;

~~(18)~~(19) issues a check in connection with ~~his~~ real estate business which is returned for insufficient funds or closed account;

~~(19)~~(20) fails to disclose in accordance with Section 40‑57‑137 any known material facts concerning a real estate transaction;

~~(20)~~(21) violates any provision of this chapter or a regulation promulgated under this chapter;

~~(21)~~(22) violates a rule or order of the commission~~.~~

~~(22)~~ ~~induces a party to break a contract of sale or lease, listing agreement, or buyer agency agreement~~;

(23) knowingly gives false information to an investigator or inspector;

(24) engages in a practice or takes action inconsistent with the agency relationship that other real estate licensees have established with their clients;

~~(24)~~(25) fails upon ~~probable cause~~ request of an investigator of the commission to make all records required to be maintained under this chapter available to the commission for inspection and copying by the commission or fails to appear ~~upon probable cause~~ for an interview with an investigator of the commission without due cause or provides false information upon direct inquiry by the investigator or inspector;

(26) fails to promptly submit all offers and counteroffers in a real estate sales transaction;

(27) fails to provide a current contact information to the commission.

(B) If after an investigation, charges of a violation are brought against a licensee, the broker‑in‑charge or property manager‑in‑charge must be notified of the charges.

Section 40‑57‑150. (A) Investigations must be conducted in accordance with Section 40‑1‑80 and must be performed by investigators who have completed one hundred hours of training in programs that are approved by the commission and provide instruction on real estate principles, state statutory and regulatory law, and investigative techniques.

(B) A restraining order must be obtained in accordance with Section 40‑1‑100.

(C)(1) ~~Whenever the department has reason to believe that a violation of this chapter has occurred, an investigation must be initiated within thirty days.~~

~~(2)~~ The department shall conclude its investigation within one hundred fifty days from receipt of the complaint or seek a waiver of this period from the commission upon a showing of due diligence and extenuating circumstances.

(~~3~~2) A hearing on the charges must be at the time and place designated by the commission and must be conducted in accordance with the Administrative Procedures Act.

(~~4~~3) The commission shall render a decision and shall serve, within ninety days, notice, in writing, of the commission’s decision to the licensee charged. The commission also shall state in the notice the date upon which the ruling or decision becomes effective.

(~~5~~4) The department shall maintain a public docket or other permanent record in which must be recorded all orders, consent orders, or stipulated settlements.

(D) A licensee may voluntarily surrender his license in accordance with Section 40‑1‑150.

(E)(1) The commission may impose disciplinary action in accordance with Section 40‑1‑120.

(2) Upon determination by the commission that one or more of the grounds for discipline exists, as provided for in Section 40‑1‑110 or Section 40‑57‑140, the commission may impose a fine of not less than ~~one~~ five hundred or more than ~~one~~ five thousand dollars for each violation. The commission may recover the costs of the investigation and the prosecution as provided for in Section 40‑1‑170.

(3) Nothing in this section prevents a licensee from voluntarily entering into a consent order with the commission wherein violations are not contested and sanctions are accepted.

(F) The department annually shall post a report that provides the data for the number of complaints received, the number of investigations initiated, the average length of investigations, and the number of investigations that exceeded one hundred fifty days.

Section 40‑57‑170. (A) Service of a notice provided for by law upon a nonresident licensed under this chapter or upon a resident who, having been licensed, subsequently becomes a nonresident or after due diligence cannot be found at ~~his~~ the usual abode or place of business in this State, may be made by leaving with the ~~Director of the Department of Labor, Licensing and Regulation~~ Administrator of the Real Estate Commission a copy of the notice, and accompanying documents. A copy of the notice, any accompanying documents, and a certified copy of the service on the ~~director~~ administrator must be mailed to the licensee at ~~his~~ the last known address of the licensee, return receipt requested. The ~~director~~ administrator shall keep a record of the day of the service of the notice and the return receipt must be attached to and made part of the return of service of the notice by the commission.

(B) A continuance may be given in a hearing under this chapter for which notice is given pursuant to this section so as to afford the licensee a reasonable opportunity to appear and be heard.

Section 40‑57‑180. (A) ~~The department may not be involved in the resolution of disputes between licensees over the payment or division of commission.~~

~~(B)~~ ~~A resident licensee may pay a part of his commission on a cooperative basis to a licensee of another state or jurisdiction if that licensee does not conduct in this State any of the negotiations for which a fee, compensation, or commission is paid.~~

~~(C)~~ ~~The department may conduct periodic inspections of the offices of licensees in order to assist with and to ensure compliance with this chapter.~~

~~(D)~~ ~~It is the responsibility of a licensee to keep on file with the department a current mailing address.~~

~~(E)~~ ~~No cause of action may arise against an owner of real estate or licensed real estate agent of any party to a transaction for failure to disclose in a transaction:~~

~~(1)~~ ~~that the subject real estate is or was occupied by an individual who was infected with a virus or any other disease which has been determined by medical evidence as being highly unlikely to be transmitted through occupancy of a dwelling place either presently or previously occupied by the infected individual;~~

~~(2)~~ ~~that the death of an occupant of a property has occurred or the manner of the death;~~

~~(3)~~ ~~any off‑site condition or hazard that does not directly impact the property being transferred; or~~

~~(4)~~ ~~any psychological impact that has no material impact on the physical condition of the property being transferred.~~

~~(F)~~ ~~Nothing in subsection (E) precludes an action against an owner of real estate or agent of the owner who makes intentional misrepresentations in response to direct inquiry from a buyer or prospective buyer with regard to psychological impacts, offsite conditions, or stigmas associated with the real estate.~~

~~(G)~~ ~~The commission shall establish and publish standards relevant to the approval and conduct of education required by this chapter.~~

~~(1)~~ The ~~department~~ commission shall review, approve, and regulate education courses required by this chapter and providers and instructors of these courses including, but not limited to, accredited colleges, universities, private business entities, organizations, schools, associations, and institutions. ~~Notwithstanding another rule or regulation, all Certified Commercial Investment Member (CCIM) designation courses approved by the CCIM institute and all Graduate Realtor Institute (GRI) designation courses approved by the National Association of Realtors must be approved for post‑licensing and continuing education credit upon application accompanied by applicable fees.~~

~~(2)~~(B) The ~~department~~ commission may deny, reprimand, fine, suspend, or revoke the approval of an education provider or instructor if the ~~department~~ commission finds that the education provider or instructor has violated or failed to satisfy the provisions of this chapter or the regulations and standards promulgated pursuant to this chapter.

~~(3)~~(C) Application by providers seeking approval to offer and conduct educational instruction or application by instructors must be made on a form prescribed by the ~~department~~ commission and accompanied by applicable fees not less than sixty days before a course offering and must be approved by the department before the commencement of any instruction. ~~Instructors that hold the Certified Commercial Investment Member (CCIM) designation conferred by the CCIM Institute are approved for instruction in all commercial real estate courses upon application accompanied by the applicable fees.~~

~~(4)~~(D) If an application for a provider, instructor, or course is not approved, the reason must be detailed and the applicant must be given thirty days to respond.

~~(5)~~(E) Upon approval, certificates must be issued by the commission to providers, ~~courses,~~ and instructors and for approved courses to be renewed biennially.

~~(6)~~(F) Approved courses must be taught by approved instructors who are qualified and have demonstrated knowledge of the subject matter to be taught as well as the ability to teach.

~~(7)~~(G) Approved instructors shall attend instructor development workshops sponsored by the ~~department~~ commission or provide evidence of equivalent hours of continuing education that increases their knowledge of the subject content in their area of expertise or their teaching techniques.

~~(8)~~ ~~The commission must allow for electronic delivery including, but not limited to, the Internet, videoconference, or other interactive electronic means, of all courses approved for continuing education.~~

Section 40‑57‑190. Payment and collection of costs associated with investigations and prosecution of violations under this chapter must comply with Section 40‑1‑170.

Section 40‑57‑200. Imposition and collection of all costs and fines imposed pursuant to this chapter must comply with Section 40‑1‑180.

Section 40‑57‑210. The provisions of Section 40‑1‑190 pertaining to privileged communications, whether written or oral, made by or on behalf of a person apply.

Section 40‑57‑220. (A) It is unlawful for a person to act as a real estate broker, real estate ~~salesman~~ salesperson, or property manager or to advertise or assume to act as such a person without first having obtained a license issued by the Real Estate Commission. A person violating this subsection and found guilty by a court of competent jurisdiction is guilty of a misdemeanor and, upon conviction, must be fined not more than five hundred dollars or imprisoned for not more than six months, or both.

(B) A real estate broker, ~~salesman~~ salesperson, or property manager who fails to renew or register ~~his~~ a license ~~annually~~ and continues to engage in such business is guilty of a misdemeanor and, upon conviction, must be fined not more than five hundred dollars or imprisoned not more than six months, or both.

Section 40‑57‑230. A civil action may be brought for violations of this chapter as provided for violations of Article 1, Chapter 1, in accordance with Section 40‑1‑210.

Section 40‑57‑240. This chapter does not apply to:

(1) the sale, lease, or rental of real estate by an unlicensed owner of real estate who owns any interest in the real estate if the interest being sold, leased, or rented is identical to the owner’s legal interest;

(2) an attorney at law acting within the scope of his duties involved in the legal representation of ~~his~~ a client~~/owner~~;

(3) agencies and instrumentalities of the state or federal government and their employees acting within the scope of their official duties;

(4) foresters registered under Chapter 27, Title 48, if the sale of any land is merely incidental to the sale of timber on the land;

(5) court‑appointed receivers and trustees while acting within the scope of their appointment.

Section 40‑57‑250. ~~If a provision of this chapter or the application of a provision of this chapter to a person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are severable~~ If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.”

SECTION 2. Article 1, Chapter 32, Title 27 of the 1976 Code is amended by adding:

“Section 27‑32‑85. Purchase of beneficiary rights in a trust‑based timeshare, where the contract is made in this State, is a real property ownership conveyance subject to all closing requirements contained in Section 27‑32‑410.”

SECTION 3. This act takes effect upon approval by the Governor.

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