

- 1 HB382
- 2 RBBZZMN-1
- 3 By Representative Kiel
- 4 RFD: Commerce and Small Business
- 5 First Read: 04-Mar-25



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4 SYNOPSIS:

Under existing law, a licensee of a real estate transaction must provide a written disclosure form to a consumer describing the types of brokerage services as required by the Real Estate Consumers Agency and Disclosure Act (RECAD), prior to a consumer disclosing any confidential information. This form is adopted by the Alabama Real Estate Commission. In addition, a licensee must inform the consumer of the brokerage services specifically provided by the licensee's company. A written agreement is required to establish an agency relationship but is not required to establish a transaction facilitator relationship.

This bill would provide that a consumer must receive a disclosure form from the real estate licensee prior to a licensee showing him or her a property, and the disclosure of the specific brokerage services the licensee's company provides must be in writing and include general information related to compensation of the licensee.

This bill would provide that after the disclosure, a consumer retains the option to enter into a brokerage agreement with the brokerage company; however, the consumer is not required to enter into a written brokerage agreement as a prerequisite to the



29	licensee showing him or her a property.
30	This bill would further provide that a licensee
31	and consumer are only required to execute a written
32	brokerage agreement if the licensee will either list
33	the property for sale or submit an offer to a seller or
3 4	behalf of the consumer; and any brokerage agreement
35	entered into must provide terms of compensation to the
36	licensee and company.
37	This bill would provide for a licensees use of
38	any office of the company under which he or she is
39	licensed.
40	This bill would further provide for penalties
41	and fines for certain violations.
42	This bill would provide for handling declined
43	methods of payment for license fees.
4 4	This bill would further provide for the duties
45	of qualifying brokers and licensees.
46	This bill would also establish the scope of
47	operation for teams.
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51	A BILL
52	TO BE ENTITLED
53	AN ACT
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55	Relating to real estate transactions; to amend Sections
56	34-27-2, 34-27-8, 34-27-32, 34-27-36, 34-27-81, 34-27-82,



- 57 34-27-83, 34-27-84, 34-27-85, and 35-27-86, Code of Alabama
- 58 1975, to further provide for penalties and fines for certain
- violations; to provide for handling declined methods of
- 60 payment for license fees; to clarify when a real estate
- 61 consumer agency disclosure form is required; to further
- 62 clarify when a written brokerage agreement is required to
- establish a brokerage relationship; to provide for a licensees
- 64 use of any office of the company under which he or she is
- licensed; to further provide for the duties of a qualifying
- broker; to further provide for the duties of a licensee; and
- to add Section 34-27-39 to the Code of Alabama 1975, to
- 68 establish the scope and operation of teams.
- 69 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:
- 70 Section 1. Sections 34-27-2, 34-27-8, 34-27-32,
- 34-27-36, 34-27-81, 34-27-82, 34-27-83, 34-27-84, 34-27-85 and
- 72 34-27-86, Code of Alabama 1975, are amended to read as
- 73 follows:
- 74 "\$34-27-2
- 75 (a) For purposes of Articles 1 and 2 of this chapter,
- 76 the following terms shall have the respective following
- 77 meanings ascribed by this section:
- 78 (1) ASSOCIATE BROKER. Any broker other than a
- 79 qualifying broker.
- 80 (2) BROKER. Any person licensed as a real estate broker
- 81 under Articles 1 and 2 of this chapter.
- 82 (3) BUYER'S AGREEMENT. An agreement between a real
- 83 estate company and a person through which the company agrees
- 84 to assist the person with the purchase of real property in

85	exchange for a fee, whether as a fiduciary or non-fiduciary.
86	$\frac{(3)}{(4)}$ COMMISSION. The Alabama Real Estate Commission,
87	except where the context requires that it means the fee paid
88	to a broker or salesperson.
89	$\frac{(4)}{(5)}$ COMMISSIONER. A member of the commission.
90	$\frac{(5)}{(6)}$ COMPANY. Any sole proprietorship, corporation,
91	partnership, branch office, or lawfully constituted business
92	organization as the Legislature may provide for from time to
93	time, which is licensed as a company under Articles 1 and 2 of
94	this chapter.
95	$\frac{(6)}{(7)}$ ENGAGE. Contractual relationships between a
96	qualifying broker and an associate broker or salesperson
97	licensed under him or her whether the relationship is
98	employer-employee, independent contractor, or otherwise.
99	$\frac{(7)}{(8)}$ INACTIVE LICENSE. A license which is being held
100	by the commission office by law, order of the commission, at
101	the request of the licensee, or which is renewable but is not
102	currently valid because of failure to renew.
103	$\frac{(8)}{(9)}$ LICENSEE. Any broker, salesperson, or company.
104	$\frac{(9)}{(10)}$ LICENSE PERIOD. That period of time beginning
105	on October 1 of a year designated by the commission to be the
106	first year of a license period and ending on midnight
107	September 30 of the year designated by the commission as the
108	final year of that license period.
109	(11) LISTING AGREEMENT. An agreement between a company
110	and an owner wherein the company agrees to assist the owner in
111	the sale of the owner's real property in exchange for a fee,
112	whether as a fiduciary or non-fiduciary. The term includes an



- agreement giving the company the right to list or market the

 owner's real property upon the owner's future decision to sell

 the property.
- 116 $\frac{(10)}{(12)}$ PERSON. A natural person.
- 117 $\frac{(11)}{(13)}$ PLACE OF BUSINESS.
- 118 a. A licensed broker living in a rural area of this state who operates from his or her home, provided that he or 119 120 she sets up and maintains an office for the conduct of the 121 real estate business, which shall not be used for living purposes or occupancy other than the conduct of the real 122 123 estate business. The office shall be used by the broker only and not as a place of business from which any additional 124 125 licensee operates under his or her license. The office shall 126 have a separate business telephone, separate entrance, and be 127 properly identified as a real estate office.
- b. All licensees located within the city limits or 128 129 police jurisdiction of a municipality shall operate from a 130 separate office located in the city limits or police 131 jurisdiction. The office shall have a business telephone, meet 132 all other regulations of the Real Estate Commission, and be 133 properly identified as a real estate office. Hardship cases 134 may be subject to waiver of this regulation upon application 135 and approval by the commission.
- c. All business records and files shall be kept at the place of business as required by law or Real Estate Commission rules.
- 139 (14) PRINCIPAL BROKER. As used in other states, the
 140 term has the same meaning as "qualifying broker" in this



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- 142 (12) (15) QUALIFYING BROKER. A broker under whom a sole 143 proprietorship, corporation, partnership, branch office, or 144 lawfully constituted business organization as the Legislature 145 may from time to time provide is licensed, or a broker 146 licensed as a company to do business as a sole proprietorship 147 who is responsible for supervising the acts of the company or 148 proprietorship and all real estate licensees licensed 149 therewith.
- 150 (13) (16) RECOVERY FUND. The Alabama Real Estate
 151 Recovery Fund.
- 152 (17) RESIDENTIAL PROPERTY. Real property located in the 153 state which is used primarily as a dwelling.
- 154 (14) (18) SALESPERSON. Any person licensed as a real estate salesperson under Articles 1 and 2 of this chapter.
- 156 (19) TEAM. Two or more licensees within the same

 157 company who work together to provide services for which a

 158 license is required and who hold themselves out to the public

 159 as a distinct group within the company.
 - (b) The licensing requirements of Articles 1 and 2 of this chapter shall not apply to any of the following persons and transactions:
- 163 (1) Any owner in the managing of, or in consummating a 164 real estate transaction involving, his or her own real estate 165 or the real estate of his or her spouse, or child, or parent.
- 166 (2) An attorney-at-law performing his or her duties as
 167 an attorney-at-law.
- 168 (3) Persons acting without compensation and in good



- faith under a duly executed power of attorney authorizing the consummation of a real estate transaction.
- 171 (4) Persons or a state or federally chartered financial
 172 institution acting as a receiver, trustee, administrator,
 173 executor, or guardian; or acting under a court order or under
 174 authority of a trust instrument or will.
 - (5) Public officers performing their official duties.
- 176 (6) Persons performing general clerical or
 177 administrative duties for a broker so long as the person does
 178 not physically show listed property.
- 179 (7) Persons acting as the manager for an apartment
 180 building or complex. However, this exception shall not apply
 181 to a person acting as an on-site manager of a condominium
 182 building or complex.
- 183 (8) Persons licensed as time-share sellers under
 184 Article 3 of this chapter performing an act consistent with
 185 that article.
- 186 (9) Transactions involving the sale, lease, or transfer
 187 of cemetery lots."
- 188 "\$34-27-8

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- (a) A majority of the commission members shall

 constitute a quorum for the conduct of commission business.

 The commission may adopt and enforce all rules and regulations

 pursuant to the state administrative procedure statutes Alabama

 Administrative Procedure Act necessary for the administration

 of this chapter, and to otherwise do all things necessary and

 convenient for effecting this chapter.
 - (b) In addition to the powers granted in this section,

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197	the commission may adopt and enforce rules and regulations
198	governing the requirements of agency disclosure by licensed
199	brokers and salespersons.
200	(c) Each offer to purchase prepared after August 1,
201	1998, shall have prominently displayed the following AGENCY
202	DISCLOSURE clause which shall be completed and initialed as
203	indicated:
204	The listing company is:
205	(Two blocks may be checked)
206	An agent of the seller.
207	An agent of the buyer.
208	An agent of both the seller and buyer and is
209	acting as a limited consensual dual agent.
210	Assisting the buyer seller as a
211	transaction broker.
212	The selling company is:
213	(Two blocks may be checked)
214	An agent of the seller.
215	An agent of the buyer.
216	An agent of both the seller and buyer and is
217	acting as a limited consensual dual agent.
218	Assisting the buyer seller as a
219	transaction broker."
220	" §34-27-36
221	(a) $\underline{\text{(1)}}$ The commission or its staff may on its own, or
222	on the verified complaint in writing of any person,
223	investigate the actions and records of a licensee. The
224	commission may issue subpoenss and compel the testimony of





witnesses and the production of records and documents during an investigation. If probable cause is found, a formal complaint shall be filed and the commission shall hold a hearing on the formal complaint.

- (2) In each instance in which a licensee is found in violation of any of the conduct prohibited in subsection (b), the commission may impose any of the following penalties:
- 232 <u>a. A fine of not less than one hundred dollars (\$100)</u>
 233 nor more than two thousand five hundred dollars (\$2,500).
 - b. Require the licensee to complete an approved education course or courses in addition to completing the existing continuing education requirements.
 - c. Issue a public reprimand.

d. Revoke or suspend any or all licenses held under this chapter by the licensee. The commission shall revoke or suspend the license or impose a fine of not less than one hundred dellars (\$100) nor more than two thousand five hundred dellars (\$2,500), or both, or reprimand the licensee in each instance in which the licensee is found guilty of any of the following acts set out in this section. The commission may revoke or suspend a license The suspension may continue until such time as the licensee has completed an approved continuing education course, and/orhas made restitution to accounts containing funds to be held for other parties, or both. The commission may also stay the revocation or suspension of a license and require completion of an approved education course and/or, require the making of restitution to accounts containing funds to be held for other parties, or both.



253 (b) A licensee is prohibited from doing all of the following:

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- (1) Procuring or attempting to procure, a license, for himself or herself or another, by fraud, misrepresentation, or deceit, or by making a material misstatement of fact in an application for a license.
- 259 (2) Engaging in misrepresentation or dishonest or
 260 fraudulent acts when selling, buying, trading, or renting real
 261 property of his or her own or of a spouse, or child, or
 262 parent.
- 263 (3) Making a material misrepresentation, or failing to
 264 disclose to a potential purchaser or lessee any latent
 265 structural defect or any other defect known to the licensee.
 266 Latent structural defects and other defects do not refer to
 267 trivial or insignificant defects but refer to those defects
 268 that would be a significant factor to a reasonable and prudent
 269 person in making a decision to purchase or lease.
 - (4) Making any false promises of a character likely to influence, persuade, or induce any person to enter into any contract or agreement.
- (5) Pursuing a continued and flagrant course of
 misrepresentation or the making of false promises through
 agents or salespersons or any medium of advertising or
 otherwise.
- 277 (6) Publishing or causing to be published any
 278 advertisement which deceives or which is likely to deceive the
 279 public, or which in any manner tends to create a misleading
 280 impression or which fails to identify the person causing the



- advertisement to be placed as a licensed broker or salesperson.
- 283 (7) Acting for more than one party in a transaction
 284 without the knowledge and written consent in writing of all
 285 parties for whom he or she acts.
- 286 (8)a. Failing, within a reasonable time, to properly
 287 account for or remit money coming into his or her possession
 288 which belongs to others, or commingling money belonging to
 289 others with his or her own funds.
- 290 b. Failing to deposit and account for at all times all
 291 funds belonging to, or being held for others, in a separate
 292 federally insured account or accounts in a financial
 293 institution located in Alabama.
- c. Failing to keep for at least three years a complete record of funds belonging to others showing to whom the money belongs, date deposited, date of withdrawal, and other pertinent information.
- 298 (9) Placing a sign on any property offering it for 299 sale, lease, or rent without the consent of the owner.
- 300 (10) Failing to voluntarily furnish a copy of each
 301 listing, contract, lease, and other document to each party
 302 executing the document with reasonable promptness.

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(11) Paying any profit, compensation, commission, or fee to, or dividing any profit, compensation, commission, or fee with, anyone other than a licensee or multiple listing service. This subdivision shall not prevent an associate broker or salesperson from owning any lawfully constituted business organization, including, but not limited to, a



corporation or limited liability company or limited liability corporation, for the purpose of receiving payments contemplated in this subsection. The business organization shall not be required to be licensed under this chapter, and shall not engage in any other activity requiring a real estate

license.

- (12) Paying or receiving any rebate from any person in a real estate transaction.
- 317 (13) Inducing any party to a contract to breakbreach
 318 the contract for the purpose of substituting a new contract,
 319 where the substitution is motivated by the personal gain of
 320 the licensee.
 - (14) If the licensee is a salesperson or associate broker, accepting a commission or other valuable consideration for performing any act for which a license is required from any person except his or her qualifying broker.
 - allowing a salesperson or associate broker licensed under him or her to advertise himself or herself as a real estate agent without the name or trade name of the qualifying broker or company appearing prominently on the advertising; or if the licensee is a salesperson or associate broker, advertising himself or herself as a real estate agent without the name or trade name of the qualifying broker or company under whom the salesperson or associate broker is licensed appearing prominently on the advertising. For purposes of this subdivision, "prominently" means using a font size that is equal to or larger than any other name, text, or logo, other



337	than terms like "for sale" or "for lease," in the
338	advertisement and situated and sized for the purpose of
339	gaining the attention of consumers viewing the advertisement.
340	(16) Presenting to the commission, as payment for a fee
341	or fine, a check that is returned unpaid.
342	$\frac{(17)}{(16)}$ Establishing an association, by employment or
343	otherwise, with an unlicensed person who is expected or
344	required to act as a licensee, or aiding, abetting, or
345	conspiring with a person to circumvent the requirements of
346	this chapter.
347	(18) (17) Failing to disclose to an owner the licensee's
348	intention to acquire, directly or indirectly, an interest in
349	property which he or she or his or her associates have been
350	employed to sell.
351	$\frac{(19)}{(18)}$ Violating or disregarding any provision of
352	this chapter or any rule, regulation, or order of the
353	commission.
354	(20) (19) If a broker, accepting accepts a "net listing"
355	agreement for sale of real property or any interest therein. A
356	"net listing" agreement is one that stipulates a net price to
357	be received by the owner with the excess due to be received by
358	the broker as his or her commission.
359	(21) (20) Misrepresenting or failing to disclose to any
360	lender, guaranteeing agency, or any other interested party,
361	the true terms of a sale of real estate.
362	$\frac{(22)}{(21)}$ Failing to inform the buyer or seller at the
363	time an offer is presented that he or she will be expected to

364 pay certain closing costs and the approximate amount of those



365 costs.

(23) (22) a. Having entered a plea of guilty or nolo contendere to, or having been found guilty of or convicted of a felony or a crime involving moral turpitude.

b. Having a final money judgment rendered against him or her which results from an act or omission occurring in the pursuit of his or her real estate business or involves the goodwill of an existing real estate business.

(24) (23) Offering free lots or conducting lotteries for the purpose of influencing a party to purchase or lease real estate.

(25) (24) a. Failing to include a fixed date of expiration in a written listing agreement or failing to leave a copy of the written residential listing agreement or written residential property management agreement with the principal.

b. Failing to include a fixed date of expiration, not to exceed one year from the date of commencement, in a written residential listing agreement, which can be extended in writing signed by the parties.

(26) (25) Conduct which constitutes or demonstrates dishonest dealings, bad faith, or untrustworthiness.

(27) (26) Acting negligently or incompetently in performing an act for which a person is required to hold a real estate license.

(28) (27) Failing or refusing on demand to produce a document, book, or record in his or her possession concerning a real estate transaction conducted by him or her for inspection by the commission or its authorized personnel or



393 representative.

(29) (28) Failing within a reasonable time to provide information requested by the commission during an investigation or after a formal complaint has been filed.

(30) (29) Failing without cause to surrender to the rightful owner, on demand, a document or instrument coming into his or her possession.

(31) (30) If a qualifying broker or company, failing to keep in their his, her, or its files copies of all contracts, leases, listings, and other records pertinent to real estate transactions for a period of three years.

- (b) If it appears that a person, firm, corporation, or any business entity has engaged, or is about to engage, in an act or practice constituting a violation of Article 1 or 2 of this chapter or any rule or order of the commission, the commission, through the Attorney General, may institute legal actions to enjoin the act or practice and to enforce compliance with Articles 1 and 2 of this chapter or any rule or order of the commission. To prevail in an action, it shall not be necessary to allege or prove either that an adequate remedy at law does not exist or that substantial or irreparable damage would result from the continued violation.
- (c) (1) Notwithstanding any other provisions of law, the commission may issue an order requiring any accused person, firm, corporation, or business entity to cease and desist from engaging in activities requiring a license under this chapter when the accused person, firm, corporation, or business entity is not licensed under this chapter. The order shall be entered

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by the executive director after a finding of probable cause by the commission staff. The order shall become final 15 days after its service upon the accused, unless the accused requests a hearing before the commission. Upon hearing the case and finding violations, the commission may make the cease and desist order final and the commission may impose a fine for each violation in an amount consistent with the range of fines applicable to licensees, and in addition, may impose a fine in the amount of any gain or economic benefit that was derived from the violation, and in addition, may impose a fine in the amount of the commission's costs incurred. Any fines not paid as ordered shall be enforceable in any court with competent jurisdiction and proper venue.

(2) Notwithstanding any other provisions of law, the commission may decline to issue an order requiring any accused person, firm, corporation, or business entity to cease and desist from engaging in activities requiring a license under this chapter when the accused person, firm, corporation, or business entity is not licensed under this chapter. In this instance, the commission shall proceed to give appropriate notice of the violations and hold a hearing thereon. Upon hearing the case and finding violations, the commission may impose a fine for each violation in an amount consistent with the range of fines applicable to licensees, and in addition, may impose a fine in the amount of any gain or economic benefit that was derived from the violation, and in addition, may impose a fine in the amount of the commission's costs incurred. Any fine or fines not paid as ordered shall be



enforceable in any court with competent jurisdiction and proper venue.

- (d) The commission shall notify the licensee and qualifying broker in writing regarding the complaint.
- 453 (e) The commission shall notify the complainant,
 454 licensee, and qualifying broker in writing regarding the
 455 disposition of the complaint.
- 456 (f) If a licensee presents a form of payment to the 457 commission, or to any third party on the commission's behalf, which is declined or rejected by a financial institution or 458 459 merchant service company, the licensee shall have 30 days, upon electronic notification from the commission, to submit 460 461 full and valid payment for the initial fee or fine and an additional fee for submitting the faulty payment, not to 462 463 exceed the maximum amount allowed by Section 8-8-15. Failure to submit full and valid payment within 30 days of electronic 464 465 notification by the commission will result in the licensee's 466 license becoming inactive until licensee submits full payment. 467 Failure to submit full and valid payment within six months 468 after electronic notification by the commission shall result 469 in the licensee's license lapsing."
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- As used in this article, the following words shall have the following meanings:
- 473 (1) AGENCY AGREEMENT. A written <u>brokerage</u> agreement
 474 between a <u>brokercompany</u> and a <u>clientconsumer</u> which creates a
 475 fiduciary relationship between the <u>company's qualifying</u>
 476 broker, including any licensees designated by the qualifying



broker to sign the agreement, and the consumera principal, who
becomes is commonly referred to as a client of the qualifying
broker and designated licensee through the agreement.

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- (2) BROKER. Any person licensed as a real estate broker pursuant to Articles 1 and 2 of this chapter.
- 482 (3) BROKERAGE AGREEMENT. A specific written agreement 483 between a brokerage firmcompany as defined by Section 34-27-2 484 and a consumer which establishes a brokerage relationship. The 485 brokerage agreement shall contain a statement of the terms and conditions of the brokerage services to be provided, including 486 487 any compensation to be paid to or through the company. The 488 term includes agency agreements and transaction facilitator 489 agreements.
- 490 (4) BROKERAGE SERVICE. Any service, except for rental
 491 or property management services, provided by a broker or
 492 licensee to another person and includes all activities for
 493 which a real estate license is required under Articles 1 and 2
 494 of this chapter.
- 495 (5) (6) CONSUMER. A person who obtains information,
 496 advice, or services concerning real estate from a real estate
 497 licensee.
- 498 (6) (5) CLIENT. A person who has an agency agreement
 499 with a broker for brokerage service, whether he or she be
 500 buyer or seller.
- 501 (7) CUSTOMER. A person who is provided brokerage
 502 services by a broker or licensee but who is not a client of
 503 the broker.
- 504 (8) DUAL AGENCY. An agency relationship in which the

005	same prokerage firma ficensee, with the informed written
506	consent of all parties to a transaction, represents both the
507	seller and the buyer in the same real estate transaction once
508	all parties have signed the consent agreement. Circumstances
509	which establish a dual agency include, but are not limited to
510	one of the following:
511	a. When two or more licensees licensed under the same
512	broker each represent a different party to the transaction.
513	b. When one licensee represents both the buyer and
514	seller in a real estate transaction.
515	(9) INFORMED CONSENT. A consumer's agreement to allow
516	something to happen which is based upon full disclosure of
517	facts needed to choose appropriate brokerage services.
518	(10) LICENSEE. Any broker, salesperson, or company as
519	defined in Section 34-27-2.
520	(11) LIMITED CONSENSUAL DUAL AGENT. A licensee who,
521	with the written informed consent of all parties to a
522	contemplated real estate transaction, is engaged as an agent
523	for both the buyer and seller. Circumstances which establish
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	dual agency include, but are not limited to, one of the
525	following:
525 526	
	following:
526	following: a. When two or more licensees licensed under the same
526 527	following: a. When two or more licensees licensed under the same broker each represent a different party to the transaction.
526 527 528	following: a. When two or more licensees licensed under the same broker each represent a different party to the transaction. b. When one licensee represents both the buyer and
526 527 528 529	following: a. When two or more licensees licensed under the same broker each represent a different party to the transaction. b. When one licensee represents both the buyer and seller in a real estate transaction.



533	$\frac{(13)}{(12)}$ QUALIFYING BROKER. A broker under whom a
534	corporation, partnership, branch office, or lawfully
535	constituted business organization, as the Legislature may from
536	time to time provide, is licensed, or a broker licensed to do
537	business as a sole proprietorship who is responsible for
538	supervising the acts of the company, or proprietorship and all
539	real estate licensees licensed therewith.
540	$\frac{(14)}{(13)}$ REAL ESTATE TRANSACTION. The purchase, sale,
541	lease and rental, option, or exchange of an interest in real
542	estate.
543	$\frac{(15)}{(14)}$ SINGLE AGENT. A licensee who is engaged by and
544	represents through an agency agreement only one party in a
545	real estate transaction. A single agent includes, but is not
546	limited to, one may be only one of the following:
547	a. Buyer's agent, which means a broker or licensee who
548	is engaged by and represents only the buyer in a real estate
549	transaction.
550	b. Seller's agent, which means a broker or licensee who
551	is engaged by and represents only the seller in a real estate
552	transaction.
553	(16) SUB-AGENT. A licensee who is empowered to act for
554	another broker in performing real estate brokerage tasks for a
555	principal, and who owes the same duties to the principal as
556	the agent of the principal.
557	(17) (15) TRANSACTION BROKER FACILITATOR. A licensee who
558	assists one or more parties in a contemplated real estate
559	transaction without being an agent or fiduciary or advocate

for the interest of that party to a transaction. The term has

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561	the same meaning as "Transaction Broker" provided in Act
562	<u>98-618</u> ."
563	" §34-27-82
564	(a) When engaged in any real estate transaction, the
565	licensee may act as a single agent, sub-agent, a limited
566	<pre>consensual dual agent, or as a transaction brokerfacilitator.</pre>
567	(b) At the initial contact between a licensee and the
568	consumer and until such time a broker enters into a specific
569	written agreement to establish an agency relationship with one
570	or more of the parties to a transaction, the licensee shall
571	<pre>not be considered a transaction facilitator and not an agent</pre>
572	of that consumer. An agency relationship shall not be assumed,
573	implied, or created without a written bilateral agency
574	agreement signed by the licensee and the consumer establishing
575	the terms of the agency relationship. In the absence of a
576	signed brokerage agreement between the parties, the
577	transaction facilitator relationship shall remain in effect.
578	(c) As soon as reasonably possible and before any
579	confidential information is disclosed to any other person by a
580	licensee, the The licensee shall provide a written disclosure
581	form to a consumer for signature describing the alternative
582	types of brokerage services, as identified in subsection (a),
583	that are available to clients and customers of real estate
584	brokerage companies, as soon as reasonably possible and before
585	any confidential information is disclosed to any other person
586	by a licensee. Such disclosure must occur at least prior to a
587	licensee providing any brokerage service, which includes a
588	licensee showing a property as to a prospective buyer but does

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589	not include a seller's agent conducting an open house as to
590	prospective buyers. As part of the disclosure, the The
591	licensee shall also <pre>provide</pre> inform a consumer as toin writing
592	the specific types of brokerage services that are provided by
593	his or her company, as required by Section 34-27-83, which
594	shall also include general information on how the company and
595	licensee are compensated for the brokerage services. A broker
596	shall not be required to offer or engage in any one or in all
597	of the <u>alternative</u> brokerage <u>arrangements</u> <u>services</u> specified
598	in subsection (a). The licensee will provide a written form to
599	the consumer for their signature describing the alternative
600	types of brokerage arrangements available. All rental or
601	property management services are excluded from the
602	requirements of this subsection.

- (d) A licensee shall not be required to comply with the provisions of subsection (c) when engaged in transactions with any corporation, non-profit corporation, professional corporation, professional association, limited liability company, partnership, any partnership created under the Uniform Partnership Act, (commencing at Section 10-8A-101), real estate investment trust, business trust, charitable trust, family trust, or any governmental entity in transactions involving real estate.
- (e) After disclosure, the consumer may make an affirmative election of a specific type of brokerage arrangementservice that is available from the real estate brokerage company by signing a brokerage agreement. The brokerage agreement shall contain a statement of the terms and

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conditions of the brokerage services that the broker will
provide. The consumer or customer may not be required to enter
into a written brokerage agreement in order for a licensee to
show a property to a consumer or customer. Notwithstanding
subsection (d), a written brokerage agreement is required
prior to a licensee either listing for sale or submitting an
offer on a property on behalf of a customer or client for
compensation. In the absence of a signed brokerage agreement
between the parties, the transaction brokerage relationship
shall remain in effect.

- (f) When serving as a transaction brokerfacilitator, the duties of the licensee to all the parties to a real estate transaction are limited to those which are enumerated in Section 34-27-84. A signed brokerage agreement between the parties or, in the absence of a signed brokerage agreement, the continuation of the transaction brokerage facilitator relationship, shall constitute informed consent by the consumer as to the services the consumer shall receive from the broker.
- (g) When two or more licensees under the same qualifying broker are in separate agency agreements with a different party in the same transaction, the qualifying broker can designate those licensees as single agents as to the licensee's client. A designated single agent is not a dual agent, and neither the qualifying broker, the designated 642 single agent, nor any other licensee involved in the transaction shall be assumed to have knowledge to any other 643 party with whom the licensee has not entered into an agency



043	agreement.
646	(g)(h) Disclosure forms shall be provided to buyers and
647	sellers. All real estate <u>brokerage firms</u> companies operating
648	within the State of Alabama shall use the same agency
649	disclosure forms. Disclosure forms describing the alternative
650	types of brokerage services identified above shall be written
651	by the Alabama Real Estate Commission.
652	(i) Each offer to purchase shall prominently display a
653	representation disclosure clause in the following form,
654	<pre>completed and initialed as indicated:</pre>
655	The listing licensee, is:
656	An agent of the seller.
657	A dual agent.
658	Assisting the seller as a transaction facilitator.
659	The selling licensee, is:
660	An agent of the buyer.
661	A dual agent.
662	Assisting the buyer as a transaction facilitator.
663	(h)(j) Nothing in this section shall prohibit the
664	consumer from entering into a written contract with a
665	qualifying broker which contains provisions for services not
666	specifically identified in the written disclosure form."
667	" §34-27-83
668	Any qualifying broker acting in a real estate
669	transaction shall adopt a written agency disclosure office
670	policy which specifically enumerates the types of brokerage
671	service arrangements services a licensee may offer or accept.
672	(1) The qualifying broker for each brokeragereal

- estate company shall provide every licensee a copy of the
 agency disclosure policy regarding the types of brokerage
 services offered by their company. This policy shall be
 explained to all licensees at least once a year.
 - (b) (2) A form acknowledging receipt of the <u>agency</u>

 <u>disclosure</u> office policy statement and a satisfactory

 explanation of its contents shall be signed by each licensee

 and a copy retained by the <u>brokerage</u> real estate company for

 three years."
- **"**§34-27-84

- (a) Licensees shall have all of the following obligations to all parties in a real estate transaction:
- (1) To provide brokerage services to all parties to the transaction honestly and in good faith.
 - (2) To exercise reasonable skill and care in providing brokerage services to all parties.
 - (3) To keep confidential any information given to the licensee in confidence, or any information obtained by the licensee that the licensee knows a reasonable individual would want to keep confidential, unless: (i) disclosure of this information is required by law, violates a fiduciary duty to a client, becomes public knowledge, or (ii) the disclosure is authorized by the party in writing; (iii) the information becomes public knowledge; or (iv) failure to disclose the information violates a fiduciary duty to a client.
 - (4) To account for all property coming into the possession of the licensee that belongs to any party to the real estate transaction.



- 701 (5) When assisting a party in the negotiation of a real 702 estate transaction, to present all written offers in a timely 703 and truthful manner.
 - (6) To act on behalf of the licensee or his or her immediate family, or on behalf of any other individual, organization, or business entity in which the licensee has a personal interest only with prior timely written disclosure of this interest to all parties to the transaction.
- 709 (b) A licensee may provide requested information which
 710 affects a transaction to any party who requests the
 711 information, unless disclosure of the information is
 712 prohibited by law or in this article.
- 713 (c) When accepting an agreement to list an owner's
 714 property for sale, the broker or his or her licensee shall, at
 715 a minimum, accept delivery of and present to the consumer all
 716 offers, counteroffers, and addenda to assist the consumer in
 717 negotiating offers, counteroffers, and addenda, and to answer
 718 the consumer's questions relating to the transaction."
- 719 "\$34-27-85

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- 720 (a) In addition to the duties enumerated in Section 721 34-27-84, a licensee shall provide all of the following 722 services to clients:
- (1) Loyally represent the best interests of the client by placing the interests of the client ahead of the interests of any other party, unless loyalty to a client violates the duties of the licensee to other parties under Section 34-27-84, or is otherwise prohibited by law.
- 727 of 27 of 10 concentrate promises of 14...
- 728 (2) Disclose to the client all information known by the



- 729 licensee that is material to the transaction and not
- 730 discoverable by the client through reasonable investigation
- 731 and observation, except for confidential information as
- 732 provided in subdivision (3) of subsection (a) of Section
- 34-27-84 (a) (3). A licensee shall have no affirmative duty to
- 734 discover the information.
- 735 (3) Fulfill any obligation required by the agency
- 736 agreement, and any lawful instructions of the client that are
- 737 within the scope of the agency agreement, that are not
- 738 inconsistent with other duties as enumerated in this article.
- 739 (b) A <u>broker</u>licensee who represents more than one
- 740 client in a real estate transaction owes the duties as
- 741 specified in subsection (a) to each client, except where the
- 742 duties to one client will violate the fiduciary duties of the
- 743 licensee to other clients.
- 744 (c) A brokerlicensee may provide brokerage services as
- 745 a limited consensual dual agent only with the prior written,
- 746 informed consent of all clients of the brokerlicensee in the
- 747 transaction."
- 748 "\$34-27-86
- 749 (a) A client is not liable for a misrepresentation made
- 750 by a brokerlicensee in connection with the brokerlicensee
- 751 providing brokerage services unless the client knows or should
- 752 have known of the misrepresentation or the brokerlicensee is
- 753 repeating a misrepresentation made by the client to the
- 754 brokerlicensee.
- 755 (b) A licensee shall not be liable for providing false
- 756 information to a party in a real estate transaction if the



false information was provided to the licensee by a client of the licensee or by a customer or by another licensee unless the licensee knows or should have known that the information was false."

761 "\$34-27-32

- (a) A license for a broker or a salesperson shall be registered to a specific real estate office and shall be issued only to, and held only by, a person who meets all of the following requirements:
- (1) Is trustworthy and competent to transact the business of a broker or salesperson in a manner that safeguards the interest of the public.
 - (2) Is a person whose application for <u>a</u> real estate <u>licensurelicense</u> has not been rejected in any state on any grounds other than failure to pass a written examination within the two years prior to the application for <u>a</u> real estate <u>licensurelicense</u> with Alabama. If the applicant's rejection for <u>a</u> real estate <u>licensurelicense</u> in any state is more than two years from the date of application for <u>licensure</u> with a license in Alabama, then the applicant may not be issued an Alabama real estate license without the approval of the commissioners.
- (3) Is a person whose real estate license has not been revoked in any state within the two years prior to application for <u>a</u> real estate <u>licensure withlicense in</u> Alabama. If the applicant's real estate <u>licenselicensure</u> revocation in any state, including Alabama, is more than two years from the date of application for <u>licensure with</u>a license in Alabama then the





applicant may not be issued an Alabama real estate license without the approval of the commissioners.

(4) Is at least 19 years old of age.

- 788 (5) Is a citizen of the United States or, if not a
 789 citizen of the United States, a person who is legally present
 790 in the United States with appropriate documentation from the
 791 federal government, or is an alien with permanent resident
 792 status.
- 793 (6) Is a person who, if a nonresident, agrees to sign 794 an affidavit stating the following and in the following form:

"I, as a nonresident applicant for a real estate license and as a licensee, agree that the Alabama Real Estate Commission shall have jurisdiction over me in any and all of my real estate related activities the same as if I were an Alabama resident licensee. I agree to be subject to investigations and disciplinary actions the same as Alabama resident licensees. Further, I agree that civil actions may be commenced against me in any court of competent jurisdiction in any county of the State of Alabama.

"I hereby appoint the Executive Director or the Assistant Executive Director of the Alabama Real Estate Commission as my agent upon whom all disciplinary, judicial, or other process or legal notices may be served. I agree that any service upon my agent shall be the same as service upon me and that certified copies of this appointment shall be deemed sufficient evidence and shall be admitted into evidence with the same force and effect as the original might be admitted. I agree that any lawful process against me which is served upon

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my agent shall be of the same legal force and validity as if
personally served upon me and that this appointment shall
continue in effect for as long as I have any liability
remaining in the State of Alabama. I understand that my agent
shall, within a reasonable time after service upon him or her,
mail a copy of the service by certified mail, return receipt
requested, to me at my last known business address.

"I agree that I am bound by all the provisions of the Alabama Real Estate License Law the same as if I were a resident of the State of Alabama.

Legal Signature of Applicant"

(b) The commission may reject the application of any person who has been convicted of or pleaded guilty or nolo contendere to a felony or a crime involving moral turpitude.

(b) (1) (c) (1) a. A person who holds a current real estate salesperson license in another state, including persons who move to and become residents of Alabama, shall apply for a reciprocal salesperson license on a form prescribed by the commission. A person who holds a current broker license in another state, including persons who move to and become residents of Alabama, shall apply for a reciprocal broker license on a form prescribed by the commission.

<u>b.</u> The applicant shall submit proof that he or she has a current real estate license in another state as evidenced by a certificate of licensure, together with any other information required by the commission. The applicant shall also show proof that he or she has completed at least six hours of course work in Alabama real estate which is approved



by the commission. Applicants for a reciprocal license shall not be subject to the complete examination or temporary license requirements of Section 34-27-33, but shall pass a reasonable written examination prepared by the commission on the subject of Alabama real estate. A person who holds a reciprocal license shall show proof of completion of continuing education either by meeting the requirements of Section 34-27-35 or by showing proof that his or her other state license remains active in that state.

- c. The fees for issuance and renewal of a reciprocal license shall be the same as those for original licenses pursuant to Section 34-27-35. The recovery fund fee for issuance of a reciprocal license shall be the same as for an original license pursuant to Section 34-27-31.
- (2) A person who holds a current Alabama license who moves to and becomes a resident of the state shall within 10 days submit to the commission notice of change of address and all other license status changes.
- (c) (d) A person who does not hold a current real estate broker license in another state desiring to be a real estate broker in this state shall apply for a broker'sbroker license on a form prescribed by the commission which shall specify the real estate office to which he or she is registered. Along with the application, he or she shall submit all of the following:
- (1) Proof that he or she has had an active real estate salesperson's salesperson license in any state for at least 24 months of the 36-month period immediately preceding the date



869 of application.

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- 870 (2) Proof that he or she is a high school graduate or the equivalent.
- 872 (3) Proof that he or she has completed a course in real 873 estate approved by the commission, which shall be a minimum of 874 60 clock hours.
 - (4) Any other information requested by the commission.
- salesperson license in another state desiring to be a real
 estate salesperson in this state shall apply for a
 salesperson's license with the commission on a form prescribed
 by the commission which shall specify the real estate office
 to which he or she is registered. Along with the application,
 he or she shall furnish all of the following:
- 883 (1) Proof that he or she is a high school graduate or the equivalent.
 - (2) Proof that he or she has successfully completed a course in real estate approved by the commission, which shall be a minimum of 60 clock hours.
- 888 (3) Any other information required by the commission.
- (e) (f) An application for a company license or branch
 office license shall be made by a qualifying broker on a form
 prescribed by the commission. The qualifying broker shall be
 an officer, partner, or employee of the company.
- 893 (f)(g) An applicant for a company or broker license shall maintain a place of business.
- 895 (g) (h) If the applicant for a company or broker license maintains more than one place of business in the state, he or



897 she shall have a company or branch office license for each 898 separate location or branch office. Every application shall 899 state the location of the company or branch office and the 900 name of its qualifying broker. Each company or branch office 901 shall be under the direction and supervision of a qualifying 902 broker licensed at that address. No person may serve as 903 qualifying broker at more than one location. The qualifying 904 broker for the branch office and the qualifying broker for the 905 company shall share equal responsibility for the real estate 906 activities of all licensees assigned to the branch office or 907 company.

(h)(i) No person shall be a qualifying broker for more than one company or for a company and on his or her own behalf unless he or she meets all of the following requirements:

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- (1) All companies for which he or she is and proposes to be the qualifying broker consent in writing.
- (2) He or she files a copy of the written consent with the commission.
- (3) He or she will be doing business from the same location All companies for which he or she is and proposes to be the qualifying broker share the same company address.
- 918 (j) A person licensed under a qualifying broker may be
 919 engaged by one or more companies with the same qualifying
 920 broker.
- 921 (k) An individual may use any office of a company under 922 which he or she is licensed.
 - (i) (1) A company license shall become invalid on the death or disability of a qualifying broker. Within 30 days

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925	after the death or disability, the corporation, or the
926	remaining partners or the successor partnership, if any, may
927	designate another of its officers, members, or salespersons to
928	apply for a license as temporary qualifying broker. The person
929	designated as temporary qualifying broker shall either be a
930	broker or have been a salesperson for at least one year prior
931	to filing the application. If the application is granted, the
932	company may operate under that temporary qualifying broker for
933	no more than six months after the death or disability of its
934	former qualifying broker commission issues the temporary
935	qualifying broker license. Unless the company designates a
936	fully licensed broker as the qualifying broker within the $\frac{\sin x}{\cos x}$
937	months six-month period, the company license and all licenses
938	under the company shall be classified inactive by the
939	commission after two weeks prior electronic notice.
940	$\frac{\text{(j)}_{\text{(m)}}}{\text{(m)}}$ The commission shall require both state and
941	national criminal history background checks to issue a
942	license. Applicants shall submit required information and
943	fingerprints to the commission, Federal Bureau of
944	Investigation, Alabama State Law Enforcement Agency, or its
945	successor, or to a fingerprint processing service that may be
946	selected by the commission for this purpose. Criminal history
947	record information shall be provided to the commission from
948	both the State of Alabama and the Federal Bureau of
949	Investigation. The commission can use the provided criminal
950	history for the determination of the qualifications and
951	fitness of the applicant to hold a real estate license. The
952	applicant shall assume the cost of the criminal history check.



- 953 The criminal history <u>must</u>shall be current to the issuance of
- 954 the license.
- 955 $\frac{(k)}{(n)}$ The commission may charge a fee of ten dollars
- 956 (\$10) for furnishing any person a copy of a license,
- 957 certificate, or other official record of the
- 958 commissionercommission."
- 959 Section 2. Section 34-27-39 is added to the Code of
- 960 Alabama 1975, to read as follows:
- 961 \$34-27-39
- 962 (a) A licensee who acts as a member of a team, or holds
- 963 himself or herself or to be a member of a team, shall be
- 964 subject to this section.
- 965 (b) The leader of any team shall be designated as team
- 966 leader with the qualifying broker. The qualifying broker
- 967 cannot delegate to the team leader the responsibilities and
- 968 duties of the qualifying broker. The team leader shall
- 969 maintain a list of the members of the team and provide the
- 970 list to the qualifying broker.
- 971 (c) No person shall be a member on more than one team.
- 972 (d) The commission shall adopt rules addressing what
- 973 words may or may not be used in a team name and how teams may
- 974 advertise and market. At a minimum, any licensee who
- 975 advertises as being part of a team shall do all of the
- 976 following:
- 977 (1) Include the name of at least one of the team
- 978 members in the advertisement.
- 979 (2) Include the name of the company with whom the
- 980 licensee is licensed in the advertisement.



981	(3) Include the term "team" or "group" in the team
982	name.
983	(4) Receive written authorization from the qualifying
984	broker of the licensee to include the team name in the
985	advertisement.
986	Section 3. This act shall become effective on October
987	1, 2025.