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H.B. 466
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 466's Bill Analysis](#)

Version: As Reported by the Senate Select Committee on Housing

Primary Sponsors: Reps. Schmidt and Brennan

Local Impact Statement Procedure Required: No

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Highlights

- Requiring real estate brokers and salespersons to enter into written agency agreements before providing services related to certain residential real property transactions is unlikely to have a significant impact on the number of complaints filed with the Division of Real Estate and Professional Licensing. Nor is the bill likely to significantly increase the volume of civil litigation related to real estate contract disputes.

Detailed Analysis

The bill requires real estate brokers and salespersons to enter into written representation agreements with their clients and details certain terms that written agreements must contain. However, the bill applies this requirement only to agreements for the sale or purchase of residential real property with one to four dwelling units and leases of residential premises exceeding 18 months. In particular, the bill requires these written agreements to include a statement that the broker or salesperson is appointed as an agent of the client, whether the agency relationship is exclusive or nonexclusive, and the terms by which the broker or salesperson is compensated. The agreement also must contain a statement that the broker fees and commissions are not set by law, are fully negotiable, and may be paid by any party. These agreements are optional under current law. Making agreements mandatory for these certain residential real estate transactions is unlikely to have a significant impact on the number of complaints filed with the Enforcement Section of the Division of Real Estate and Professional Licensing in the Department of Commerce. The bill's impact on courts, which would handle civil litigation related to real estate contract disputes, is unclear. But in all likelihood, it would reduce the volume of such cases that might arise.