

AN ACT

ENTITLED, An Act to revise certain provisions regarding unprofessional conduct by real estate licensees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 36-21A-71 be amended to read as follows:

36-21A-71. Unprofessional conduct includes the following:

- (1) Violating any provisions of this chapter or any rule promulgated by the commission;
- (2) Making a material false statement in the licensee's application for a license or in any information furnished to the commission;
- (3) Making any substantial and willful misrepresentation with reference to a transaction which is injurious to any party;
- (4) Making any false promise or advertisement of a character such as to influence, persuade or induce a party to a transaction to the party's injury or damage;
- (5) Failure to account for or to remit, within a reasonable time, any moneys coming into the licensee's possession belonging to others, commingling funds of others with the licensee's own, failing to keep the funds of others in an escrow or trust account with a bank or other recognized depository in this state, or failing to keep records relative to the deposit, which shall contain any information as may be prescribed by this chapter or the rules promulgated by the commission pursuant to chapter 1-26 relative thereto;
- (6) Being convicted, or pleading guilty or nolo contendere before a court of competent jurisdiction in this or any other state, or before any federal court, of a misdemeanor involving moral turpitude or a felony arising under the laws of this state or under the laws of the United States or any other state that would be a misdemeanor involving moral turpitude or a felony under the laws of this state;
- (7) Claiming or taking any secret or undisclosed amount of compensation or the failure of a

licensee to reveal to the licensee's principal or employer the full amount of compensation in connection with any acts for which a license is required under this chapter;

- (8) Failing or refusing upon demand to produce any document, book, or record in the licensee's possession or under the licensee's control, concerning a transaction under investigation by the commission;
- (9) Offering real property for sale or lease without the knowledge and consent of the owner or the owner's authorized agent or on any terms other than those authorized by the owner or the owner's authorized agent;
- (10) Any violation of federal or state fair housing requirements;
- (11) Failing or refusing upon demand to furnish copies including reproductions of any document pertaining to any transaction dealing with real estate to a person whose signature is affixed thereto;
- (12) Paying compensation or commission in connection with a transaction to any person who is not licensed under this chapter;
- (13) Failing to disclose to an owner in writing the licensee's intention or true position if the licensee directly or indirectly through a third party purchases for himself or herself or acquires or intends to acquire any interest in or any option to purchase property which has been listed with the licensee's office for sale or lease;
- (14) Failure by a broker to deliver to the seller in every real estate transaction, at the time the transaction is consummated, a complete, detailed closing statement, showing all of the receipts and disbursements for the seller; also failure to deliver to the buyer a complete statement showing all money received in the transaction from the buyer and how and for what the same was disbursed, and to retain true copies of the statements in the broker's files; also failure to date and sign the closing statement;
- (15) Any other conduct which constitutes dishonesty or fraudulent conduct, whether arising

- within or without the pursuit of the licensee's license privilege;
- (16) Accepting employment or compensation for appraising real estate contingent upon reporting a predetermined value or issuing an appraisal report on real estate in which the licensee has an undisclosed interest;
 - (17) The revocation or suspension of any other license held by a person licensed under this chapter. Any other license includes being licensed as an attorney; real estate salesman, broker or appraiser; insurance licensee; securities licensee; and other similar regulated occupation, trade or profession;
 - (18) Using, proposing the use, agreeing to the use or knowingly permitting the use of two or more contracts of sale, earnest money agreements or loan applications, one of which is not made known to the prospective lender or the loan guarantor, to enable the purchaser to obtain a larger loan than the true sales price would allow or to enable the purchaser to qualify for a loan which the purchaser otherwise could not obtain;
 - (19) Failing to promptly give a copy of an offer to purchase to the purchaser;
 - (20) Failing to promptly give the seller every written offer to purchase obtained;
 - (21) Upon obtaining an acceptance of the offer signed by the seller, failing to promptly give a copy of it to both purchaser and seller;
 - (22) Failing to make certain that all of the terms and conditions of the transaction are included in the offer to purchase;
 - (23) Giving a title opinion upon the merchantability of the title to property in any transaction in which the licensee participated;
 - (24) Preparing any legal document, giving any legal advice, or otherwise engaging in the practice of law. Preparation of the following documents is exempt from this provision:
 - (a) Listing agreements or extensions;
 - (b) Offers to purchase;

- (c) Offers to lease;
 - (d) Acceptances; and
 - (e) Closing statements;
- (25) Permitting the use of a broker's license to enable licensed salesmen to establish and carry on a real estate brokerage business if the broker has only insignificant control of the affairs of the business conducted;
 - (26) Taking a net listing whereby a licensee agrees to take as compensation the proceeds of a sale over and above the selling price agreed in the listing contract;
 - (27) Failing to put in writing all guarantees of sale and other guarantees made by a licensee to the person listing the property for sale;
 - (28) Failing to put in writing any agreement to furnish or sell a warranty;
 - (29) Attempting to solicit or attempting to secure listings without first advising the owner that the licensee is a licensee and is engaged in real estate brokerage;
 - (30) Failing to protect and promote the interests of the client whom the licensee has undertaken to represent to the best of the licensee's ability;
 - (31) Failing to deal fairly with all parties to a transaction;
 - (32) Committing any act constituting or demonstrating bad faith, incompetency or fraudulent dealings;
 - (33) Using the licensee's position to gain undue influence over a prospective buyer, seller, landlord, or tenant, using the licensee's position to coerce a buyer, seller, landlord, or tenant, or using duress on a buyer, seller, landlord, or tenant;
 - (34) Issuing an insufficient funds check;
 - (35) In a business enterprise that requires licensing by the commission, associating in any manner with another person who has had a license suspended or revoked by action of the commission while the suspension or revocation is in effect. This prohibition includes a

corporation, a partnership, an association, a single proprietorship, and an employer-employee relationship. A licensee may act as an agent in a real estate transaction for a person who has had a license suspended or revoked by the commission if the transaction is one that would occur in the ordinary course of the licensee's business;

- (36) Buying, selling, leasing, or exchanging real property under the auspices of a partnership or corporation of which the licensee owns an interest if it is indicated that the purchase or sale is being made by a private party not licensed by the real estate commission;
- (37) Making a listing contract or any other contract with the licensee's principal which allows the licensee to purchase or lease the listed property and charge a commission thereon without obtaining the written consent of the principal to such provision. This written consent shall be in addition to the signing of any listing contract;
- (38) Accepting a note or other nonnegotiable instrument or anything of value not readily negotiable as earnest money on a contract or offer to purchase without the written permission of the licensee's principal; or
- (39) Selling, buying, exchanging, or leasing real property in a manner indicating that the licensee is not licensed under this chapter.

An Act to revise certain provisions regarding unprofessional conduct by real estate licensees.

I certify that the attached Act
originated in the

SENATE as Bill No. 63

Secretary of the Senate

President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 63
File No. _____
Chapter No. _____

Received at this Executive Office
this ____ day of _____ ,

19__ at ____ M.

By _____
for the Governor

The attached Act is hereby
approved this _____ day of
_____, A.D., 19__

Governor

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 19__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State