A BILL FOR AN ACT relating to the Nebraska Real Estate License Act; to amend sections 81-885.13, 81-885.17, 81-885.19, and 81-885.21, Reissue Revised Statutes of Nebraska, and section 81-885.24, Revised Statutes Cumulative Supplement 2016; to change provisions relating to applications for licenses and display and verification of licenses; to provide for rules and regulations relating to broker trust accounts; to provide an unfair trade practice; to harmonize provisions; to provide operative dates; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 81-885.13, Reissue Revised Statutes of Nebraska, is amended to read:

81-885.13 (1) No broker's or salesperson's license shall be issued to any person who has not attained the age of nineteen years. No broker's or salesperson's license shall be issued to any person who is not a high school graduate or the holder of a certificate of high school equivalency.

(2) Each applicant for a salesperson's license shall furnish evidence that he or she has completed two courses in real estate subjects, approved by the commission, composed of not less than sixty class hours of study or, in lieu thereof, courses delivered in a distance education format approved by the commission.

(3) Each applicant for a broker's license shall either (a) have first served actively for two years as a licensed salesperson or broker and shall furnish evidence of completion of sixty class hours in addition to the hours required by subsection (2) of this section in a course of study approved by the commission or, in lieu thereof, courses delivered in a distance education format approved by the commission, or (b) furnish a certificate that he or she has passed a course of at least eighteen credit hours in subjects related to real estate at an accredited university or college, or completed six courses in real estate subjects composed of not less than one hundred eighty class hours in a course of study approved by the commission or, in lieu thereof, courses delivered in a distance education format approved by the commission.

(4) Each applicant for a broker's license must pass a written examination covering generally the matters confronting real estate brokers, and each applicant for a salesperson's license must pass a written examination covering generally the matters confronting real estate salespersons. Such examination may be taken before the commission or any person designated by the commission. Failure to pass the examination shall be grounds for denial of a license without further hearing. Within thirty days after passing the examination the applicant must complete all requirements necessary for the issuance of a license. The commission may prepare and distribute to licensees under the Nebraska Real Estate License Act informational material deemed of assistance in the conduct of their business.

(5) An applicant for an original broker's or salesperson's license shall be subject to fingerprinting and a check of his or her criminal history record information maintained by the Federal Bureau of Investigation through the Nebraska State Patrol. After filing application for a license, each applicant shall furnish directly to the Nebraska State Patrol, or to a fingerprint processing service that may be selected by the commission for this purpose, a full set of fingerprints to enable a criminal background investigation to be conducted. The applicant shall request that the Nebraska State Patrol submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The applicant shall pay the actual cost, if any, of the fingerprinting and check of his or her criminal history record information. The applicant shall authorize release of the national criminal history record check to the commission.

(6) Courses of study, referred to in subsections (2) and (3) of this section, shall include courses offered by private proprietary real estate schools when such courses are prescribed by the commission and are taught by instructors approved by the commission. The applicant shall provide evidence of his or her education to the commission. The applicant may secure approval of real estate courses and for good cause shall have authority to suspend or withdraw approval of such courses or instructors.

Sec. 2. Section 81-885.17, Reissue Revised Statutes of Nebraska, is amended to read:

81-885.17 (1)(a) A nonresident of this state who is actively engaged in the real estate business, who maintains a place of business in his or her resident regulatory jurisdiction, and who has been duly licensed in that regulatory jurisdiction to conduct such business in that regulatory jurisdiction may, in the discretion of the commission, be issued a nonresident broker's license.

(b) A nonresident salesperson employed by a broker holding a nonresident broker's license may, in the discretion of the commission, be issued a nonresident salesperson's license under such nonresident broker.
(c) A nonresident who becomes a resident of the State of Nebraska and who holds a broker’s or salesperson’s license in his or her prior resident jurisdiction shall apply for a resident broker’s or salesperson’s license upon filing an application, paying the applicable license fee, complying with the criminal history record information check under subsection (4) of this section, filing the affidavit required by subsection (7) of this section, and providing to the commission adequate proof of completion of a three-hour class approved by the commission specific to the Nebraska Real Estate License Act and sections 76-2401 to 76-2430.

(2) Obtaining a nonresident broker’s license shall constitute sufficient contact with this state for the exercise of personal jurisdiction over the licensee in any action arising out of the licensee’s activity in this state. Any license to a nonresident applicant, he or she shall: (a) File with the commission a duly certified copy of the license issued to the applicant by his or her nonresident regulatory jurisdiction; or provide verification of such licensure to the commission; (b) Pay to the commission the nonresident license fee as provided in section 81-885.14 for the obtaining of a broker’s or salesperson’s license; and (c) Provide the commission proof of completion of a three-hour class approved by the commission specific to the Nebraska Real Estate License Act and sections 76-2401 to 76-2430.

(4) An applicant for an original nonresident broker’s or salesperson’s license shall be subject to fingerprinting and a check of his or her criminal history record information maintained by the Federal Bureau of Investigation through the Nebraska State Patrol. After filing application for a license, each applicant shall furnish directly to the Nebraska State Patrol, or to a fingerprint processing service that may be selected by the commission for this purpose, a full set of fingerprints to enable a criminal background investigation to be conducted. The applicant shall request the Nebraska State Patrol submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The applicant shall pay the actual cost, if any, of the fingerprinting and check of his or her criminal history record information. The applicant shall authorize release of the national criminal history record information to the commission.

(5) Nothing in this section shall preclude the commission from entering into reciprocal agreements with other regulatory jurisdictions where such agreements are necessary to provide Nebraska residents authority to secure licenses in other regulatory jurisdictions.

(6) Nonresident licenses granted as provided in this section shall remain in force for only as long as the requirements of issuing and maintaining a license are met unless (a) Suspended or revoked by the commission for just cause or (b) Lapsed for failure to pay the annual renewal fee.

(7) Prior to the issuance of any license to a nonresident applicant, he or she shall file an affidavit with the commission certifying that the applicant has reviewed and is familiar with the Nebraska Real Estate License Act and sections 76-2401 to 76-2430.

Sec. 3. Section 81-885.19, Reissue Revised Statutes of Nebraska, is amended to read:

81-885.19 (1) The commission shall prescribe the forms of brokers’ and salespersons’ licenses. Each license shall have placed thereon the seal of the commission. The license of each salesperson and associate broker shall be delivered or mailed to the broker by whom the salesperson or associate broker is employed and shall be kept in the custody and control of such broker. It shall be the duty of each broker to display his or her own license and those of his or her associate brokers and salespersons conspicuously in his or her place of business.

(2) If a broker maintains more than one place of business within the state, he or she shall obtain a branch office license shall be issued to such broker for each branch office so maintained by him or her. The commission shall issue a branch office license upon the payment of an annual fee to be established by the commission of not more than fifty dollars per license and the branch office license shall be displayed conspicuously in each branch office. The broker or an associate broker shall be the manager of a branch office.

(3) The commission shall provide for verification of the current status of licenses electronically or by other means readily available to the public.

Sec. 4. Section 81-885.21, Reissue Revised Statutes of Nebraska, is amended to read:

81-885.21 (1) Except as provided in subsection (7) of this section, each broker other than an inactive broker shall maintain in a bank, savings bank, building and loan association, or savings and loan association a separate, insured checking account in this state in his or her name or the name under which he or she does business which shall be designated a trust account in which all downpayments, earnest money deposits, or other trust funds received by him or her or his or her salespersons on behalf of his or her principal or any other person shall be deposited and remain until the transaction is closed or otherwise terminated unless all parties having an interest in the funds have agreed otherwise in writing. Such trust account may be either an interest-bearing or a non-interest-bearing account. Any broker using an interest-bearing account shall comply with subsection (6) (2) of this section. On and after July 1, 2017, such trust account shall be a non-interest-bearing account.
(2) Each broker shall notify the commission of the name of the bank, savings bank, building and loan association, or savings and loan association in which the trust account is maintained and also the name of the account on forms provided therefor.

(3) Each broker shall authorize the commission to examine such trust account by a duly authorized representative of the commission. Such examination shall be made annually or at such time as the commission may direct.

(4) A broker may maintain more than one trust account in his or her name or the name under which he or she does business if the commission is advised of such account as required in subsection (2) of this section.

(5) In the event a branch office maintains a separate trust account, a separate bookkeeping system shall be maintained in the branch office.

(6) A broker shall not be entitled to any part of the earnest money or other money paid to him or her or the entity under which he or she does business in connection with any real estate transaction as part or all of his or her compensation or consideration until the transaction has been consummated or terminated.

(7) If the trust account is an interest-bearing account, as authorized under subsection (1) of this section, the interest from the interest-bearing account may be distributed or otherwise accrue only to nonprofit organizations that promote housing in Nebraska and that are exempt from the payment of federal income taxes. A broker may use an interest-bearing account for a transaction only if the use of such account for purposes of promoting housing in Nebraska has been approved by all parties whose money will be deposited into such account. The commission may further define policies and procedures for the processing of and distributions from interest-bearing trust accounts by rule and regulation.

The commission may adopt and promulgate rules and regulations to exempt active brokers who have no trust account activity and no anticipated trust account activity from the trust account requirements of this section.

Sec. 5. Section 81-885.24, Revised Statutes Cumulative Supplement, 2016, is amended to read:

81-885.24 The commission may, upon its own motion, and shall, upon the sworn complaint in writing of any person, investigate the actions of any broker, associate broker, salesperson, or subdivider, may censure the licensee or certificate holder, revoke or suspend any license or certificate issued under the Nebraska Real Estate License Act, or enter into consent orders, and, alone or in combination with such disciplinary actions, may impose a civil fine on a licensee pursuant to section 81-885.10. Whenever the license or certificate has been obtained by false or fraudulent representation or the licensee or certificate holder has been found guilty of any of the following unfair trade practices:

(1) Refusing because of religion, race, color, national origin, ethnic group, sex, familial status, or disability to show, sell, or rent any real estate for sale or rent to prospective purchasers or renters;

(2) Intentionally using advertising which is misleading or inaccurate in any material particular or in any way misrepresents any property, terms, values, policies, or services of the business conducted;

(3) Failing to account for and remit any money coming into his or her possession on belonging to others;

(4) Commingling the money or other property of his or her principals with his or her own;

(5) Failing to maintain and deposit in a separate trust account all money received by a broker acting in such capacity, or as escrow agent or the temporary custodian of the funds of others, in a real estate transaction unless all parties having an interest in the funds have agreed otherwise in writing;

(6) Accepting, giving, or charging any form of undisclosed compensation, consideration, rebate, or direct profit on expenditures made for a principal;

(7) Representing or attempting to represent a real estate broker, other than the employer, without the express knowledge and consent of the employer;

(8) Accepting any form of compensation or consideration by an associate broker or salesperson from anyone other than his or her employing broker without the consent of his or her employing broker;

(9) Acting in the dual capacity of agent and undisclosed principal in any transaction;

(10) Guaranteeing or authorizing any person to guarantee future profits which may result from the resale of real property;

(11) Placing a sign on any property offering it for sale or rent without the written consent of the owner or his or her authorized agent;

(12) Offering real estate for sale or lease without the knowledge and consent of the owner or his or her authorized agent on terms other than those authorized by the owner or his or her authorized agent;

(13) Inducing any party to a contract of sale or lease to break such contract for the purpose of substituting, in lieu thereof, a new contract with another principal;

(14) Negotiating a sale, exchange, listing, or lease of real estate directly with an owner or lessor if he or she knows that such owner has a written outstanding listing contract in connection with such property granting an exclusive agency or an exclusive right to sell to another broker or negotiating directly with an owner to withdraw from or break such a listing contract for the purpose of substituting, in lieu thereof, a new listing contract;

(15) Discussing or soliciting a discussion of, with an owner of a property
which is exclusively listed with another broker, the terms upon which the
broker would accept a future listing upon the expiration of the present listing
unless the owner initiates the discussion;
(16) Violating any provision of sections 76-2401 to 76-2436;
(17) Soliciting, selling, or offering for sale real estate by offering
free lots or conducting lotteries for the purpose of influencing a purchaser or
prospective purchaser of real estate;
(18) Providing any form of compensation or consideration to any person for
performing the services of a broker, associate broker, or salesperson who has
not first secured his or her license under the Nebraska Real Estate License Act
unless such person is (a) a nonresident who is licensed in his or her resident
regulatory jurisdiction or (b) a citizen and resident of a foreign country
who does not reside in Nebraska and conducting the activities of a broker and such
person provides reasonable written evidence to the Nebraska broker that he or
she is a resident citizen of that foreign country, is not a resident of this
country, and conducts the activities of a broker in that foreign country;
(19) Failing to include a fixed date of expiration in any written listing
agreement and failing to leave a copy of the agreement with the principal;
(20) Failing to deliver within a reasonable time a completed and dated
copy of any purchase agreement or offer to buy or sell real estate to the
purchaser and to the seller;
(21) Failing 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 handled by such
broker for the seller, failing to deliver to the buyer a complete statement
showing all money received in the transaction from such buyer and how and for
what the same was disbursed, and failing to retain true copies of such
statements in his or her files;
(22) Making any substantial misrepresentations;
(23) Acting for more than one party in a transaction without the knowledge
of all parties for whom he or she acts;
(24) Failing by an associate broker or salesperson to place, as soon after
receipt as practicable, in the custody of his or her employing broker any
deposit funds entrusted to him or her by any person dealing with him or her as the representative of his or her licensed broker;
(25) Failing to include a lien based on a listing contract for the purpose of casting a cloud
upon the title to real estate when no valid claim under the listing contract
exists;
(26) Violating any rule or regulation adopted and promulgated by the
commission in the interest of the public and consistent with the Nebraska Real
Estate License Act;
(27) Failing by a subdivider, after the original certificate has been
issued, to comply with all of the requirements of the Nebraska Real Estate
License Act;
(28) Conviction of a felony or entering a plea of guilty or nolo
contendere to a felony charge by a broker or salesperson;
(29) Demonstrating negligence, incompetency, or unworthiness to act as a
broker, associate broker, or salesperson, whether of the same or of a different
classification than those listed in this section;
(30) Inducing or attempting to induce a person to transfer an interest in
real property, whether or not for monetary gain, or discouraging another person
from purchasing real property, by representing that (a) a change has occurred
or will or may occur in the composition with respect to religion, race, color,
nationality, familial status, or disability of the owners or occupants in the block,
neighborhood, or area or (b) such change will or may result in the lowering of property values, an increase in criminal or
antisocial behavior, or a decline in the quality of schools in the block,
neighborhood, or area;
(31) Failing by a team leader to provide a current list of all team
members to his or her designated broker;
(32) Failing by a designated broker to maintain a record of all team
leaders and team members working under him or her;
(33) Utilizing advertising which does not prominently display the name
under which the designated broker does business as filed with the commission;
(34) Utilizing team advertising or a team name suggesting the team is an
independent real estate brokerage; or
(35) Charging or collecting, as part or all of his or her compensation or
consideration, any part of the earnest money or other money paid to him or her
or the entity under which he or she does business in connection with any real
estate transaction until the transaction has been consummated or terminated.
However, a payment for goods or services rendered by a third party on behalf
of the client shall not be considered compensation or consideration if such
payment does not include any profit, compensation, or payment for services
rendered by the broker and the broker retains a record of the payment to the
third party for such goods or services.

Sec. 6.  Sections 1, 2, 3, 5, and 8 of this act become operative three
calendar months after the adjournment of this legislative session. The other
sections of this act become operative on their effective date.
Sec. 7.  Original section 81-885.21, Reissue Revised Statutes of Nebraska,
is repealed.
Sec. 8.  Original sections 81-885.13, 81-885.17, and 81-885.19, Reissue
Revised Statutes of Nebraska, and section 81-885.24, Revised Statutes Cumulative Supplement, 2016, are repealed.

Sec. 9. Since an emergency exists, this act takes effect when passed and approved according to law.