

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4454

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 4454.

As amended, this bill incorporates certain protections for consumers regarding residential real estate transactions and certain aspects of commercial real estate transactions. Specifically, the bill incorporates into current law the responsibilities to a consumer of: a brokerage firm; a buyer's agent; a seller's agent; a dual agent; a designated agent; and a transaction broker. Additionally, the bill establishes the circumstances under which an individual is a buyer's agent and under which an individual is a seller's agent and delineates the terms of the broker agreement between the agent and a consumer.

The bill also stipulates that a seller's agent is not required to submit any notice to a database, which may include a multiple listing service, stating that a seller has authorized the sharing of the compensation for the seller's agent with cooperating subagents, transaction brokers or a buyer's agent, or the amount of compensation to any database providing data about properties for sale. Under the bill, a statement regarding a property is required for prospective buyers to see and is to be posted at open houses for the property. Lastly, the continuing education requirements of licensees to the Real Estate Commission are to include at least one hour on agency per biennial renewal period.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- (1) clarify the meaning of "agent";
- (2) clarify that a brokerage firm has a duty to strictly comply with the laws of agency and the principles governing fiduciary relationships;
- (3) require that a signed property condition disclosure statement be provided to a property buyer before the buyer becomes obligated under contract to purchase the property, if a seller is not represented by a brokerage firm or a brokerage firm that is a transaction broker;
- (4) require that a brokerage firm disclose all existing material information known by the firm, or which can be ascertained by the

firm's principal, concerning the physical condition of the property to the principal;

(5) revise the terms of brokerage service agreements between a brokerage firm and a property buyer or seller;

(6) revise the duties of a property buyer's agent and a property seller's agent;

(7) revise the duties of a brokerage firm acting as a disclosed dual agent or transaction broker;

(8) clarify the circumstances in which a brokerage firm will not be liable for information that is to be disclosed by a property seller in a property condition disclosure statement;

(9) clarify the circumstances in which a brokerage firm representing or working with a principal may not be charged with knowledge or notice of any facts known by the principal that are not actually known by the brokerage firm;

(10) state that the rights, remedies, and prohibitions accorded by the provisions of this bill are in addition to any other right, remedy, or prohibition accorded by common law or the statutes of the United States or this State; and

(11) make certain technical changes.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.