

New Jersey Realtors® Enhances Consumer Protections with New Legislation

To enhance the protections and transparency of real estate transactions in New Jersey, New Jersey Realtors® worked closely with Sen. Patrick Diegnan and Asm. Roy Freiman to craft the Real Estate Consumer Protection Enhancement Act, Bill S3192/A4454. Their combined efforts led to the bill's prompt movement through the state legislature.

This bill clarifies the roles and responsibilities of brokerage firms, categories of real estate agents, and transaction brokers. It also sets guidelines for how agents should operate, mandates brokerage service agreements, and outlines property condition disclosure requirements. The bill will also require continuing education to stay up-to-date on the guidelines.

Five key ways the bill aims to enhance protections for Realtors®:

1. Requires a fully completed Seller's Property Condition Disclosure form
2. Ensures listing agents disclose who they represent at open houses through signage
3. Allows for designated agency
4. Requires brokerage service agreements
5. Implements continuing education requirements on agency

In developing this legislation, New Jersey Realtors® reviewed practices in other states, many of which already require similar forms and disclosures. Currently, New Jersey only requires sellers to disclose the flood history of a property for sale. The new bill will require real estate agents to complete the Seller's Property Condition Disclosure, which will enhance transparency for buyers. The bill will also require listing agents at open houses to clearly state, via signage, who they are and who they represent, for all attendees to see.

S3192/A4454 seeks to introduce designated agency into New Jersey law, which 41 states, including New York, Connecticut and Pennsylvania, already allow. Designated agency enables a brokerage to appoint an agent to either the sell or buy side of the transaction at the client's request. Currently, New Jersey law only permits dual agency, which allows an agent to represent both the seller and the buyer with a limited fiduciary duty to both sides. **It is important to emphasize here that under this legislation, dual agency will continue to be allowed.**

To ensure complete transaction transparency, S3192/A4454 requires all real estate agents to use service agreements—with buyers and sellers—which outline all services they will provide. New Jersey Realtors®, in accordance with the New Jersey Real Estate Commission, has advocated for service agreements since 2012 because they provide immense protections and transparency to consumers. Buyers Agency Agreements specifically outline all levels of service an agent can offer a buyer through the process.

S3192/A4454 is a significant achievement for New Jersey Realtors® and buyers and sellers in New Jersey, and the swift approval by the state government is equally impressive. Since its introduction to the Senate on May 13 by Sen. Diegnan and to the Assembly on June 13 by Asm. Freiman, S3192/A4454 was unanimously passed by the Senate, voted out of the Assembly Financial Institutions and Insurance Committee, and was second referenced to the Assembly Budget Committee. It will need to be passed by the full Assembly before it heads to the governor's desk. ▶

This information is accurate as of the printing date of June 25.