

HOUSE BILL REPORT

HB 2772

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to exemptions from real estate licensing requirements.

Brief Description: Revising exemptions from real estate licensing requirements.

Sponsors: Representatives Heavey and King.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 4, 1994, DPS.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer and Veloria.

Staff: Jim Kelley (786-7166).

Background: An individual selling, buying or leasing real estate or business opportunities must be licensed. The licensing requirements do not apply to: (1) persons buying or selling real estate or business opportunities for themselves; (2) attorneys acting without compensation or in the performance of their duties; (3) receivers, trustees in bankruptcy, executors, administrators, guardians, or any person acting under court order or selling under a deed of trust; (4) office personnel; (5) owners and resident managers of apartments; (6) any person who manages residential dwelling units on an incidental basis and does not advertise; and (7) persons leasing or renting storage space.

Summary of Substitute Bill: A task force is created to study the feasibility of creating an exemption from the real estate licensing laws for home building companies and their employees who sell the homes. If the task force finds that such an exemption is advisable, it shall propose draft legislation to the Legislature for possible introduction

during the 1995 regular legislative session. The task force is to be made up of two members of the House Commerce & Labor Committee, two members of the Senate Labor & Commerce Committee, two representatives of the real estate industry and two members of the home builders' industry. The task force will be staffed by House and Senate staff and the Department of Licensing is to provide advice. The task force is required to report to the Legislature by December 31, 1994.

Substitute Bill Compared to Original: An exemption from the real estate licensing laws for employees who sell property exclusively on behalf of a corporation, partnership, joint venture or sole proprietorship for compensation in the regular course of business is stricken.

A legislative task force is established to study the feasibility of creating an exemption from the real estate licensing laws for home building companies and their employees who sell the homes.

Fiscal Note: Requested January 25, 1994.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Home builders and their employees should be able to sell homes that they or their companies own. A home builder will provide as much or more protection for the consumer as a realtor because if there is a problem with the construction of the home, they will be obliged to fix it, in order to keep a good name.

Testimony Against: Licensing persons selling homes protects consumers from fraud and gives accountability and responsibility to the seller. Persons who own homes are allowed to sell their own homes, but expanding this privilege to the employees of persons or corporations owning homes creates problems. This bill would expand the ability of persons to circumvent the realty trade and expand the number of unlicensed real estate transactions.

Witnesses: (In favor) Suzie Rao and Bill Hewitt, Building Industry Association of Washington; and Ken Donohue, Local Builder. (Opposed) Bob Mitchell, Department of Licensing; and Glen Hudson and Karen Lavale, Washington Association of Realtors.