

HOUSE BILL REPORT

HB 1286

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to real estate brokers and salespersons.

Brief Description: Correcting real estate brokers and salespersons statutes for administrative and practical purposes.

Sponsors: Representatives McMorris, Honeyford, Conway, Cole and Thompson; by request of Department of Licensing.

Brief History:

Committee Activity:

Commerce & Labor: 2/3/97, 2/6/97 [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 McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

Staff: Pam Madson (786-7166).

Background: Periodically, changes to regulatory and licensing statutes are necessary to provide consistency with related regulations and licensing requirements, update terminology, provide gender neutral language and eliminate obsolete language. Changes are proposed for the real estate licensing statutes.

Recognizing and incorporating limited liability companies and partnerships: Real estate brokers and salespersons are licensed and regulated by the Department of Licensing with the advice of the Real Estate Commission. Licensing procedures recognize the familiar forms of doing business, the corporation, and the partnership. Washington recently recognized limited liability companies and limited liability partnerships as forms of doing business but these new forms of doing business, are not referenced and incorporated into the real estate licensing laws.

Administering the licensing examination: An applicant must take an examination as part of the licensing process. These examinations must be given once a month and at least six times a year in each of six geographic areas in the state.

The appeal process: When the director imposes sanctions against a licensee and the licensee seeks judicial review of the action in superior court, the appeal is conducted according to the Administrative Procedures Act. Contrary to these procedures, a person seeking review can obtain a stay that stops the effect of the director's order by filing notice of the appeal and filing a bond of \$500. This stay of the order terminates automatically if the person appealing fails to complete the appeal process.

Sharing a real estate commission: A real estate licensee may share a real estate commission with another broker licensed in another state or possession of the United States or any province of Canada. Licensed brokers in Washington may not share commissions with brokers licensed in other foreign jurisdictions.

Updating terminology and correcting gender specific language: Many references to individuals in the real estate licensing law use the masculine gender, and terms used in the real estate law have been substituted or changed in current practice.

Summary of Substitute Bill: Statutes governing the licensing and regulation of real estate brokers and salespersons are changed to reflect consistency with related laws, update terminology, and eliminate obsolete references.

Real estate licensing procedures recognize and incorporate the use of limited liability companies and limited liability partnerships as forms of doing business.

Requirements that exams must be held once a month and at least six times a year in six different areas of the state are eliminated.

When the director imposes sanctions against a licensee and the licensee seeks judicial review in superior court, the appeal process is conducted under provisions of the Administrative Procedures Act. The ability to stay the director's decision by filing a notice and a bond is eliminated. The automatic termination of the stay is also eliminated.

As with real estate licensees in other states and Canada, a licensee may share a real estate commission with a person who is licensed in any foreign country that has a real estate regulatory program.

Terms are updated to reflect current terminology, obsolete references are deleted and gender specific language becomes gender neutral.

Substitute Bill Compared to Original Bill: Limited liability partnerships are recognized and incorporated into the real estate licensing laws.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This agency request legislation addresses many house-keeping issues and is the first attempt to update the real estate licensing statutes since 1987. Changes are necessary because of changing terminology and standards within the practice. The Real Estate Commission directed a look at those issues that needed updating within these statutes in late 1995. Members of the industry took part in identifying necessary changes.

Testimony Against: None.

Testified: Bob Mitchell, Washington State Department of Licensing; and Glen Hudson, Washington Association of Realtors.