

---

**Commerce & Labor Committee**

---

**SB 5413**

**Brief Description:** Allowing out-of-state licensees to practice commercial real estate.

**Sponsors:** Senators Benton, Prentice, Reardon, Doumit, Honeyford, Mulliken, Rossi, Zarelli, Finkbeiner, Shin, Esser and Kohl-Welles.

**Brief Summary of Bill**

- Allows an out-of-state real estate broker or salesperson to conduct commercial real estate transactions in Washington under certain conditions, including working in cooperation with a Washington real estate broker.

**Hearing Date:** 3/26/03

**Staff:** Matt Cooper (786-7106).

**Background:**

A real estate broker is a person who: (1) sells, lists, or buys real estate for others; (2) negotiates for others the purchase, sale, exchange, lease, or rental of real estate, business opportunities, or a manufactured home in conjunction with the land on which the home is located; (3) advertises or holds himself or herself out to the public as engaged in these activities; or (4) engages, directs, or assists in procuring prospects or in negotiating or closing any transaction which results in these activities.

A real estate salesperson is a natural person employed by a real estate broker in conducting the real estate business. An associate real estate broker is a person who has qualified as a broker, but who works with another broker and has a license stating that he or she is associated with another broker.

A real estate broker, associate broker, or salesperson is required to obtain a state license from the Department of Licensing. To receive a license, an individual must meet certain requirements, including passing the license examination established by the Washington Real Estate Commission and having minimum amounts of training. To receive a broker's license, the applicant must have at least two years of experience as a salesperson.

Unless a real estate broker from another state has a Washington license, the broker is not

allowed to conduct real estate transactions in Washington.

**Summary of Bill:**

An out-of-state broker may conduct transactions involving commercial real estate that require a real estate license in Washington if the broker:

- works in cooperation with a Washington real estate broker;
- has a written agreement with the Washington broker regarding cooperation, oversight, and compensation;
- agrees to adhere to Washington law and consents to jurisdiction in Washington;
- furnishes a copy of his or her current out-of-state real estate broker's license;
- includes the cooperating Washington broker's name on advertisements; and
- keeps records with the cooperating Washington broker for three years after the transaction or the date the documents were provided, whichever is later.

An out-of-state salesperson or associate broker may participate in transactions involving commercial real estate that require a real estate license in Washington if the salesperson or associate broker:

- is licensed with and works under the supervision of the out-of-state broker who meets all the Washington requirements established for the out-of-state broker; and
- provides the cooperating Washington broker a copy of his or her current out-of-state real estate salesperson's or associate broker's license.

Commercial real estate means real estate other than real estate with four or fewer residential units. Commercial real estate does not include a single-family residential lot or unit when the transaction is unit-by-unit, even though the unit is part of a larger building or parcel of real estate (such as condominiums or homes in a subdivision).

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.