

# HOUSE BILL REPORT

## SB 5413

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### As Reported by House Committee On:

Commerce & Labor

**Title:** An act relating to allowing out-of-state licensees to practice commercial real estate.

**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 History:

#### Committee Activity:

Commerce & Labor: 3/26/03, 4/2/03 [DPA].

#### Brief Summary of Bill (As Amended by House Committee)

- 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.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Chandler, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins and McCoy.

**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.

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### **Summary of Amended 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).

### **Amended Bill Compared to Original Bill:**

The amendment makes technical corrections for readability and to maintain consistency

with the definition of "person."

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This version of the bill does not contain the technical corrections incorporated into SHB 1440. Those technical corrections should be made.

This bill will make Washington more competitive with other states and be beneficial to the Washington economy.

**Testimony Against:** None.

**Testified:** Bob Mitchell, Association of Commercial Realtors.