

HOUSE BILL REPORT

HB 2513

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to exempting common interest community managers from real estate broker and managing broker licensing requirements.

Brief Description: Exempting common interest community managers from real estate broker and managing broker licensing requirements.

Sponsors: Representatives Roberts, Condotta, Hurst, Pedersen, Buys, Ryu, Kirby and Kelley.

Brief History:

Committee Activity:

Business & Financial Services: 1/20/12, 1/24/12 [DP].

Brief Summary of Bill

- Exempts common interest community managers from licensing as real estate brokers.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Kelley, Vice Chair; Bailey, Ranking Minority Member; Buys, Assistant Ranking Minority Member; Blake, Condotta, Hudgins, Hurst, Parker, Pedersen, Rivers, Ryu and Stanford.

Staff: Alexa Silver (786-7190).

Background:

Real Estate Broker Licensing.

A real estate broker is a person who acts on behalf of a real estate firm to perform real estate brokerage services under the supervision of a designated broker or managing broker. Real estate brokerage services include:

- listing, selling, purchasing, and renting of real estate, as well as negotiation of those transactions;

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- advising buyers, sellers, landlords, and tenants in connection with a real estate transaction;
- collecting, holding, or disbursing funds in connection with a real estate transaction;
- performing property management services, including marketing, leasing, renting, physical maintenance, administrative maintenance, and financial maintenance of real property, as well as supervision of such actions;
- issuing a broker's price opinion; and
- advertising real estate brokerage services.

To be licensed as a real estate broker, an applicant must be at least 18 years old, have a high school diploma, complete 90 hours of approved instruction in real estate, pass an examination, complete a background check, and pay a fee.

The real estate broker licensing law contains numerous exemptions. For example, trustees, accountants, public employees, storage facility owners, escrow agents, and people hired by designated or managing brokers to perform property management functions are exempted from the law.

Homeowners', Condominium, and Unit Owners' Associations.

A homeowners' association is a legal entity with membership comprised of the owners of residential real property located within a development or other specified area. A condominium or unit owners' association is comprised of condominium unit owners. Homeowners' associations and condominium and unit owners' associations may regulate the use, maintenance, and modification of common areas; impose and collect payments for the operation of common areas; and hire managing agents and other employees.

Summary of Bill:

A common interest community manager is exempt from licensing as a real estate broker.

A common interest community manager is a natural person who, in an advisory capacity and for compensation, provides management or financial services to a homeowners' association or a condominium or unit owners' association. A person may be a common interest community manager whether he or she is an independent contractor, employee, general manager, executive director, or agent of a common interest development.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) The real estate licensing laws were updated in 2008. Based on strong opposition from the Washington State Community Associations Institute, reference to managing associations was removed from the definition of "real estate brokerage services." When the law took effect the Department of Licensing determined that common interest community managers must be licensed. Community association management is a separate profession from real estate brokerage services and should be treated as such. Community association management is more about the ability to manage money and work with people than it is about property. The classes required for real estate broker licensing are expensive and irrelevant. The Washington State Community Associations Institute provides an education program and designations that are relevant to the profession. Regulation of community association managers is desirable, but now is not the time for new licensing.

(With concerns) The Department of Licensing real estate program has advised that if real estate licensees accept funds in trust and perform administrative, physical maintenance, and governance management tasks on behalf of clients, it constitutes real estate brokerage services and requires a license. There are a significant number of real estate brokers who also perform community association management activities. Others who perform those duties should be regulated, too.

(Opposed) None.

Persons Testifying: (In support) Representative Roberts, prime sponsor; Kathryn Hedrick, Washington State Community Associations Institute; Sergey Petrov, Yalnes, Inc.; Karen Savereux and Evelyn Dufford, Association Services; and Debra Carter, Pacific Rim Investment Management.

(With concerns) Bob Mitchell, Washington Realtors.

Persons Signed In To Testify But Not Testifying: None.