

# SENATE BILL REPORT

## SB 6325

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As Reported by Senate Committee On:  
Labor, Commerce & Consumer Protection, January 31, 2012

**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:** Senators Holmquist Newbry, Kohl-Welles and Tom.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 1/24/12, 1/31/12 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Majority Report:** That Substitute Senate Bill No. 6325 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; King, Assistant Ranking Minority Member; Keiser and Kline.

**Staff:** Mac Nicholson (786-7445)

**Background:** Individuals seeking to offer real estate brokerage services must obtain the appropriate real estate broker, managing broker, designated broker, or real estate firm license from the Department of Licensing. Real estate brokerage services are defined in statute and are generally those services involved in the selling or purchasing of real property. Several groups are exempt from the licensing requirements, including, with some qualifications: public employees involved in eminent domain actions; persons providing referrals to licensees; certified public accountants; title or escrow companies or agents; investment counselors; and certain persons employed by an owner or on behalf of a designated or managing broker.

**Summary of Bill (Recommended Substitute):** Common interest community managers are exempt from the real estate brokers and salespersons licensing requirements. Common interest community managers are individuals who provide management or financial services in an advisory capacity to associations governed by the Horizontal Property Regimes Act, the Condominium Act, or the statutes regulating homeowners' associations. The exemption

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applies only to common interest community managers who do not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of a specific real property interest.

**EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute):** The substitute eliminates the reference in the bill to natural persons, applying the exemption to natural persons, corporations, and other types of business entities. The substitute also applies the exemption only if the common interest community manager is not promoting the purchase, listing, sale, exchange, optioning, leasing, or renting of a specific real property interest.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill:** PRO: The Department of Licensing (DOL) has determined that community managers would need to get a real estate brokers license under the real estate brokers licensing law that passed a few sessions ago. Common interest community managers (CICMs) manage nonprofit entities. CICMs don't hold funds in trust, don't provide property management services, and don't engage in rental or sales of units. The board of directors of the association makes the decisions for the associations and the CICMs only carry out board decisions. The education requirements for real estate brokers license have no application to the day to day activities of CICMs. Obtaining real estate brokerage licenses would be expensive for the CICMs and would not provide them with any benefit.

OTHER: There are some similarities with property management kinds of functions and community management activities and people performing both property management and community management activities should be licensed under the real estate regulations.

**Persons Testifying:** PRO: Kathryn Hedrick, Community Assn. Institute; Debra Carter, Pacific Rim Investment and Management; Sergey Petrov, Yalnes Inc.; Kevin Ducotey, Condominium Management; Karen Savereux, Evelyn Dufford, Assn. Services.

OTHER: Bob Mitchell, WA Realtors.