

SENATE BILL REPORT

SSB 5378

As Amended by House, April 10, 2021

Title: An act relating to real estate brokers and managing brokers license renewal requirements.

Brief Description: Concerning real estate brokers and managing brokers license renewal requirements.

Sponsors: Senate Committee on Business, Financial Services & Trade (originally sponsored by Senators Das, Nobles, Hasegawa, Lovelett, Randall, Saldaña and Wilson, C.).

Brief History:

Committee Activity: Business, Financial Services & Trade: 2/09/21, 2/11/21 [DPS-WM, w/oRec].

Ways & Means: 2/18/21, 2/22/21 [DPS (BFST), DNP, w/oRec].

Floor Activity: Passed Senate: 3/8/21, 36-13.

Passed House: 4/10/21, 85-12.

Brief Summary of First Substitute Bill

- Specifies course instruction in fair housing and consumer protection issues within existing continuing education requirements related to obtaining and maintaining real estate brokers licenses.
- Directs the Department of Licensing to provide more specific training concepts within fair housing education after receiving input from select stakeholder groups.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: That Substitute Senate Bill No. 5378 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Frockt and Hobbs.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: That it be referred without recommendation.

Signed by Senators Dozier, Ranking Member; Brown and Wilson, L.

Staff: Clinton McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5378 as recommended by Committee on Business, Financial Services & Trade be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Mullet, Pedersen, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Honeyford, Assistant Ranking Member, Capital; Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Schoesler, Assistant Ranking Member, Capital; Braun, Gildon, Muzzall, Rivers and Warnick.

Staff: Trevor Press (786-7446)

Background: Real estate brokers and managing real estate brokers are licensed by the Department of Licensing in the state of Washington. Under existing statute, real estate brokers and managing brokers must fulfill the following criteria in order to obtain a real estate broker's license:

- be at least 18 years old;
- have a high school diploma or equivalent; and
- complete 90 hours of approved real estate education within two years before applying for the exam, including a 60-hour course in real estate fundamentals, and a 30-hour course in real estate practices.

The real estate education requirements are waived for qualified applicants currently licensed in another state.

To maintain and renew a broker's license, a real estate broker or managing real estate broker must complete an education requirement. Prior to renewing a broker's license for the first time, a broker must complete 90 hours of education with the following requirements prior to licensure renewal:

- 30 hours of an advanced practices course;
- 30 hours of a real estate law course;
- 3 hours of a current trends and issues in residential/commercial real estate in Washington (CORE) course; and
- 27 hours of elective continuing education courses.

For subsequent renewals, a broker must complete 30 hours of required education in the following:

- 3 hours of CORE education; and
- 27 hours of elective continuing education.

A broker's license must be renewed once every two years.

Summary of First Substitute Bill: Individuals completing the 90 hours of instruction in real estate prior to obtaining their broker's license, and licensed brokers renewing their license for the first time, must complete three hours of instruction on fair housing and consumer protection issues. Active licensed brokers making subsequent renewals to their license, must complete six hours of instruction on fair housing and consumer protection issues.

The Department of Licensing is directed to provide more specific training concepts within fair housing education after receiving input from the following entities:

- associations that represent real estate brokers and agents;
- Washington State Commission on African American Affairs;
- Washington State Commission on Hispanic Affairs;
- Governor's Office of Indian Affairs;
- Washington State Commission on Asian Pacific American Affairs;
- Washington State Human Rights Commission;
- Governor's Committee on Disability Issues and Employment;
- Washington State LGBTQ Commission; and
- Washington State Housing Finance Commission.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on June 1, 2022.

Staff Summary of Public Testimony on First Substitute (Business, Financial Services & Trade): PRO: In the last year, we have seen a lot in the news about the disparities in home buying. Real estate brokers engage in helping people make the biggest purchase of their lives. Members in our community have been discriminated against while in pursuit of buying a home as a first step towards creating generational wealth. The approach used in this bill is consistent with best practices. Education and outreach is the best way to prevent housing discrimination. Enforcement of fair housing is enforced by multiple entities.

CON: This bill is entirely redundant which makes it seem like the current education

program does not address these issues, which is not true. The CORE curriculum is required of all brokers. The curriculum is already in place.

Persons Testifying (Business, Financial Services & Trade): PRO: Senator Mona Das, Prime Sponsor; Mary Hull-Drury, Washington Realtors.

CON: Natalie Danielson, Professional Direction, Inc.

Persons Signed In To Testify But Not Testifying (Business, Financial Services & Trade): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: This bill is well worth the expense as housing is one of the largest investments most people will make in their lives and a major source of intergenerational wealth which many people have been denied because of discrimination. Designing education requirements for real estate licenses regarding fair housing is well worth the expense. This bill is not redundant, rather it establishes uniform attention to a topic vitally important.

CON: Fair housing education is already available at the Department of Licensing website. The bill is redundant and a waste of money. The core class that must be taken by all brokers includes fair housing. Housing and diversity should include all people who are covered under fair housing and anti-discrimination laws so to specify certain stakeholders is counter to diversity training. I think we should have a process if there is a fair housing problem that does not exist to avoid wasting money.

Persons Testifying (Ways & Means): PRO: Mary Hull-Drury, Washington Realtors.

CON: Natalie Danielson, Professional Direction.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.

EFFECT OF HOUSE AMENDMENT(S):

The number of hours of instruction required for active license renewals is reduced from six to three. Any real estate broker or managing broker that did not complete three hours of fair housing and consumer protection training for an initial license must complete six hours of training for their first license renewal after June 1, 2022.