

SENATE BILL REPORT

SB 5442

As Passed Senate, March 13, 1999

Title: An act relating to real estate broker's records.

Brief Description: Increasing the defined amount of "nominal deposit" affecting real estate brokers.

Sponsors: Senators Kline, Roach and Wojahn.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/11/99, 2/18/99 [DP].
Passed Senate, 3/13/99, 47-0.

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Benton, Deccio, Gardner, Hale, Heavey, Rasmussen, T. Sheldon, West and Winsley.

Staff: Dave Cheal (786-7576)

Background: Real estate brokers sometimes receive client funds in trust in connection with purchase transactions or property management functions.

Brokers are required to place client funds in a pooled interest bearing account. Interest on nominal amounts—placed in these accounts is aggregated statewide and is paid to the State Treasurer for deposit into the housing trust fund and the real estate education account.

Property management trust accounts that are larger than nominal are excepted from this process. "Nominal" is defined at amounts of not more than \$5,000.

Summary of Bill: The definition of "nominal" is changed from not more than \$5,000 to not more than \$10,000.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The amount in the definition of "nominal" has not been changed for over ten years, and has been substantially eroded by inflation. The bill will increase amounts raised for the Housing Trust Fund, which falls far short of meeting housing needs. Even

with the increased amount, the interest that would go to the broker's client would be less than the administrative costs involved in payment. Yet when aggregated statewide, interest on these nominal accounts creates a meaningful contribution to affordable housing.

Testimony Against: None.

Testified: PRO: Sharon Lee, Low-Income Housing Institute; James Tjea, John L. Scott.