

HOUSE BILL REPORT

SSB 6325

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: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Holmquist Newbry, Kohl-Welles and Tom).

Brief History:

Committee Activity:

Business & Financial Services: 2/21/12 [DP].

Brief Summary of Substitute 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, Kretz, 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 these 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 exempt from the law. Certain exemptions apply only if the person does not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of real property.

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:

Common interest community managers are exempt from licensing as real estate brokers. Common interest community managers are those who, in an advisory capacity and for compensation, provide management or financial services to a homeowners' association or condominium or unit owners' association. A common interest community manager may be an independent contractor, employee, general manager, executive director, or agent of such an association.

The exemption from licensing applies only if the common interest community manager does not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of real property.

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 Department of Licensing has informed common interest community managers that without this bill, they will be required to be licensed as real estate brokers. Many common interest community managers spend time and money to become certified in their field. It would be very burdensome to require them to add 90 hours to obtain a license in a field in which they do not practice. Requiring them to be licensed as real estate brokers also would not benefit the homeowners they serve.

(Opposed) None.

Persons Testifying: Senator Holmquist Newbry, prime sponsor; and Cody Benson, Washington Chapter of the Community Associations Institute.

Persons Signed In To Testify But Not Testifying: None.