

HB

205

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 205(L&C)
 (H) Publish Date: 4/16/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Real Estate Brokers/Salespersons RDU Corp, Bus & Prof Licensing (117)
 Component Corp, Bus & Prof Licensing
 Sponsor House Labor & Commerce by Request
 Requester House Labor & Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends various provisions of AS 08.88 - Real Estate Brokers and Other Licenses adding specifications for education and Broker responsibilities. This is not expected to result in the need for additional funds to implement the provisions.

Prepared by: Chris Wyatt, Administrative Manager
 Division: Corporations, Business, and Professional Licensing
 Approved by: Emil Notli, Commissioner
 Agency: Commerce, Community, and Economic Development

Phone: (907) 465-2572
 Date/Time: 4/10/07 3:06 PM
 Date: 4/10/2007

adopted

AMENDMENT 1

OFFERED IN THE HOUSE
TO: CSHB 205(L&C)

BY REPRESENTATIVE GARA

1 Page 3, lines 19 - 20:

2 Delete "[FORGERY, THEFT, EXTORTION, CONSPIRACY TO DEFRAUD
3 CREDITORS, OR"

4 Insert "or who is convicted of forgery, theft, extortion, conspiracy to defraud
5 creditors, or fraud ["

6

7 Page 4, lines 13 - 15:

8 Delete "[, FORGERY, THEFT, EXTORTION, CONSPIRACY TO DEFRAUD
9 CREDITORS, OR"

10 Insert "or upon conviction of forgery, theft, extortion, conspiracy to defraud
11 creditors, or fraud [,"

12

13 Page 5, lines 9 - 11:

14 Delete "[, FORGERY, THEFT, EXTORTION, CONSPIRACY TO DEFRAUD
15 CREDITORS, OR"

16 Insert "or upon conviction of forgery, theft, extortion, conspiracy to defraud
17 creditors, or fraud [,"

18

19 Page 6, lines 2 - 3:

20 Delete "[FORGERY, THEFT, EXTORTION, CONSPIRACY TO DEFRAUD
21 CREDITORS, OR"

22 Insert "or under indictment for forgery, theft, extortion, conspiracy to defraud
23 creditors, or fraud ["



ALASKA STATE LEGISLATURE

HOUSE LABOR & COMMERCE COMMITTEE

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Rep. Jay Ramras
Rep. Gabrielle LeDoux

Rep. Carl Gatto
Rep. Berta Gardner
Rep. Bob Buch

Sponsor Statement

HB 205

HB 205 helps clarify and strengthen a number of items in the current statutes and increases consumer protection in the home buying and selling process.

This legislation will:

- Require real estate brokers to adopt written policies and procedures that would be available to the public on request. The policies and procedures would require all real estate licensees to:
 - Notify their broker or broker designee in the event of any legal dispute or allegations of wrong doing
 - Maintain regular communication with their broker or broker designee
 - Act fairly and honestly in all dealings
 - Comply with all real estate laws
- Increase the number of education hours before a person can be licensed from 20 hours to 40 hours.
- Increase the continuing education hours from 20 hours to 30 hours
- Clarify the issue of operating multiple offices and the responsibilities of a broker that resides out of state.
- Establish that a person indicted for a felony involving moral turpitude can not obtain a real estate licensee until seven years has lapsed since the completion of the sentence.

The Association of Alaska Realtors strongly supports this bill.

Dave Feeken

HB 205 Testimony

Introduction

I am here representing the 1,600 member of the Alaska Association of REALTORS.

HB 205 is modernization of existing statutes related to real estate brokerage, addressing issues of education of real estate licensees and the supervision relationship between brokers and licensees. The real estate industry is a dramatically changing industry.

Regarding Section 1, 4, 5, 6: REALTORS also recommended clarifying the issues of issuing a license to persons convicted of felonies. Current law is unclear as to time elapse since the completion of a sentence for these crimes. This bill would clarify and standardize the 7 years as is required with broker and associate broker licenses and give the commission the language needed to protect the public from people convicted of felonies. Additionally it standardizes the language for all license, broker, associate broker, or sales associate, when a licensee is convicted of a felony or other

crime committed while licensed under this statute, in the judgment of the real estate commission, if the crime or felony affects the ability of that person to practice competently and safely, the commission may revoke for a period of 7 years the license.

Regarding Section 2: The current requirement for 20 hours of Prelicensing education is 20 years old. 20 years ago brokers controlled the information thru the MLS, now there is the world wide web, nearly 80% of current buyers use the web for their property search, no home inspections, a couple of loan programs available from AHFC have been replaced by hundreds from all over the country, no concerns about wetlands maps, no required disclosure of property condition, no predatory lending issues, no one knew that mold endangered your mental capacity, you didn't have to prove the property was not in a 100 year flood plane, you didn't have to know what municipalities were in the flood insurance program and which one weren't, no violent crime disclosure, no subprime lenders. The Real Estate Commission has continued to increase the required course material of Prelicensing education, but the number of hours has not increased. This bill increases the required hours from 20 to 40 hours of education

before taking the licensing exam. At 20 hours Alaska is the lowest in the country, at 40 hours Alaska is still the lowest in the country.

Regarding Section 3: Additionally, the required topics of Post Licensing education needs an increase from 20 to 30 hours in post licensing education to adequately teach the required course material.

The Alaska Association of REALTORS supports an increase in hour's verses a reduction in course content to meet the public's need for competent real estate practitioners.

Regarding Section 7: Multiple Business Operations: The issues of a single broker owning, operating, or being employed by multiple corporations or partnerships is further clarified to require all of the business organizations to share a single physical address. Many brokerage firms are multiple companies for insurance and other reasons. An example would be a company that does both sales and property management, will separate those companies for E & O insurance reasons because the insurance rate is considerably higher on property management companies.

Regarding Section 8: Statutes have always said that brokers are responsible for the actions of their licensees, until the Alaska Supreme Court Rules in the 80's that the broker is not responsible for conduct they had no knowledge of. This requires the broker to have a written policy and procedure addressing the following issues.

1. Require real estate licensees to comply with all real estate laws.
2. Require real estate licensees to act fairly and honestly in all dealings.
3. Require real estate licensees to notify the broker or a broker designee of any legal dispute or allegation of wrongdoing from a seller, buyer, lesser, or lessee.
4. Require real estate licensees to maintain regular communication with the broker or a broker designee.

This makes it the duty of the licensee to inform the broker, make them aware, of issues that need supervision, regarding the licensee complying with state laws, and their conduct with customers and clients. Additional requirements to this written policy deal with notification of supervising broker of customer or client complaints in a timely manner, many problems can be solved by the broker's involvement in a timely manner saving the customer or clients costly legal expenses.

In order to implement the education hour changes we are requesting an effective date of Feb 1, 2008 which is the renew date of all license.