



STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020 • Olympia, Washington 98507-9020
REAL ESTATE COMMISSION
PLANNING SESSION MINUTES

DATE: March 18, 2009

PLACE: Department of Labor & Industries
7273 Linderson Way SW
Tumwater, WA 98501

CONTACT

PERSON: Jerry McDonald, Assistant Administrator
(360) 664-6524
E-Mail: jmcdonald@dol.wa.gov

MEMBERS PRESENT:

Paul Chiles, Commissioner
Suki Bazaan, Commissioner
Cate Moye, Commissioner
George Pilant, Commissioner
Dan Murphy, Commissioner
Jeff, Thompson, Commissioner

STAFF PRESENT:

Lee Malott, Administrator
Jerry McDonald, Assistant Administrator
Karen Jarvis, Program Manager
Dolly Casitas, Education Unit
Rhonda Myers, Home Inspectors Unit
Art Abrahamson, Auditor Unit

CALL TO ORDER: Paul Chiles, Commissioner, Vice-Chair

ORDER OF AGENDA: 9:25 AM

A. Welcome New Commissioner

Paul Chiles introduces Commissioner Thompson. Jeff has been in real estate since 1990. He is originally from Minnesota. He is affiliated with two Windermere offices and co-owner of one. He teaches and mentors real estate agents. During his off time he spends time with his grandson.

B. Approval of Agenda 9:30

Motion to approve agenda
Seconded and carried.

C. Insurance Commission Rules

- Lee Malott discussed the new Insurance Commission Law.
- Lee referred the Commission to the meeting packet.
- Indicated some discrepancies between the Insurance Commission statute and DOL's
- The intent was for both statutes to read the same.

The differences are as follows:

- The Insurance Commissioner for the title companies can define items of value. DOL's statute Paragraph II of controlling interests states that a real estate licensee's or person who has controlling interest in a real estate business shall not either solicit or accept or both anything of value from title insurance companies.
- DOL requested the Attorney General's office review the conflict in the statute for guidance on whether their needs to be a rule in place because the statute is clear on acceptance of no items of value.
- The intent of the legislature was for the title insurance company rule and the DOL rules would be the same.
- There was discussion on the statute
- There was discussion about the Insurance Commission Rules
- Bob Mitchell clarified that the statute states that real estate licensees are not to receive items of value from title insurance companies that are not permitted by law or rule to be provided by the title insurance company. The rule does permit the title insurance company to provide items of value. The last two lines of the statute are important.
- There was discussion that surrounded interpretation of the statute
- Bob Mitchell suggested that the Real Estate Commission could implement a rule that mirrors the items of value mentioned in the Insurance Commission Statute or provide guidance and clarity to the intent.
- Bob Mitchell stated the best action taken to bring clarity to the exact items that a licensee can accept from a title insurance company and is not in violation to the real estate law should be looked at by line item stated in the statute.
- George Pilant had questions for the AG'
- Does this RCW pertain to all licensees or just those with controlling interests in a real estate business?
- What is the Ag's definition of a real estate business in relation to the actions of a single licensee or are they referring to a brokerage?
- Paul Chiles requested that the Commission review the information and definitions presented by the AG's office.

D. Review of Rules

- Jerry McDonald reported that the sub committees reviewed drafts of the administrative codes accept 308.124
- They have reviewed 308.124 A B C D E AND H and have made recommendations.
- The main focus for Changing Business Practices is 308.124, once the committee has reviewed and put together they will be submitted to the code revisers office to be codified in draft form.
- The administrative codes as of July 1, 2010 will to reflect the new statute.
- Broker's supervision and advertising will still need to be addressed.
- Paul Chiles suggested looking at ARELLO for assistance regarding advertising and what different jurisdictions have done to address this matter.
- Cate Moye referred Commission to the work packets for 308.124A
- Cate extended thanks and recognition to the sub- committee and staff for all efforts and time spent and committed to the codes.
- Discussed changes on fingerprinting
- The wording was changed from sales person to broker throughout 308.124A
- Discussion surrounded other changes

- The draft of Supervision and delegation of responsibility was discussed in length.
- It addressed the designated broker responsibility.
- Worked our way down to the broker of less than two years.
- The broker of less than two years is going to be entry level designation.
- The intent was to stipulate within each designation what the responsibilities are and tried to keep them consistent
- Changed the responsibilities for the categories below.
- This working draft is not final.
- Cate Moye' recognized Bob Mitchell and John Demco for their input time and efforts.
- Paul Chiles requested Cate reflect upon problem areas of the working draft
- Cate mentioned that a large problem area was the broker of less than two years and what type of supervision should be required of them by the broker of more than two years.
- Discussed the designated broker of more than two years, the managing broker, and the designated broker and each of their responsibilities
- What degree do we hold the brokerage firm and the brokers responsible for the training requirements and supervision of brokers of less than two years?
- What actions are brokers required to supervise?
- Cate referred the Commission to the managing brokers section
- Should managing brokers approve any contract of a broker of less than two years that's been written or prior to being submitted or negotiated
- What type of review processes should be in place for the contracts of brokers of less than two years?
- Is it up to five days after the contract has been completed and signed time frame that a managing broker designated broker branch manager should have that approval in place?
- Discussion surrounded the draft language.
- Dan Murphy indicated the term "Heightened Supervision" is a term that needs strong definition behind it.
- Please refer to recorded minutes that surrounded the suggestions and discussions regarding possible amendment regarding the brokers.

E. Work Plan for WCRER

- Work plan for next biennium is similar to previous years.
- Will include statistics regarding home sales pricing and affordability there will be enhancements in the statistical arena
- Home prices and economy
- Focuses on commercial economy
- Media relations presentations
- Legislative study group committees
- 2010 require renewal of real estate research fee
- Discussion surrounded renewal of research account

F. Election of Vice Chair

Motion to elect Paul Chiles

Motion seconded and carried

G. Subcommittee Assignment (Timeline)/Concerns

No reassignments or changes at this time

□ Education

- George Pilant indicated that the committee has recommendations for course approval to be presented to the Commission during the regular session.
- Real Estate Law post curricula in workbook
- George Pilant referred commission to draft 124H
- The draft of the 18.85 rewrite for the WAC 308.124H has been looked over by the staff and committee and reviewed and ready for recommendations.
- This afternoon 124H will be brought before the commission for approval.
- Jerry McDonald indicated that the codified copies will still be considered a draft.
- George reported the committee worked on curricula's for Advanced Law Real Estate Law and Business Management.
- Some curricula is ready for commission approval and others that are not.
- Proposed Real Estate Law curricula still needs further review by the committee.
- There will be a sub-committee meeting scheduled within the next three weeks and the topic will be real estate law and advanced real estate law
- The law classes have been reviewed by several attorneys Anne Fitzsimmons and Doug Tingvall along with attorneys on DOL staff.
- Business Management is ready for approval and will be brought before the commission during the afternoon meeting.
- Real Estate Practices Curricula finalized at 30 clock hours recommended for approval
- Real Fundamentals 60 clock hours recommended for approval
- Advanced Real Estate Practices 30 hour course (somewhat generic) during the sub- committee meetings there were discussions whether or not to include other courses of regional or national origin offered by associations specific to areas of practice such as commercial, leasing, and property management that could be used in lieu of a generic 30 hour advanced real estate practices curricula's. The committee realizes the importance of the content but is not certain on how to approach of the submission and how approval can be reached.
- The course curricula's that are not ready for approval are as follows:
- Real Estate Law, Advanced Real Estate Law, Real Estate Brokerage Management, and Transition Course
- Discussion surrounded curricula and content specifically in Advanced courses
- What criteria is used for course approval in the advanced practices, residential, commercial, property management leasing? Is it divided up into specific categories? What is the methodology for creating those categories?
- ARELLO has working guidelines for courses should we look at their developments for Advanced Practices?
- Is a certified course without review (course content)
- Further discussion on course curricula and content

Adjourn

Motion to adjourn meeting

Seconded and carried

Respectfully Submitted,



Lee Malott, Administrator