

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass

Vote: 10 - 0 - 0

Yeas: Barton, Cameron, Edwards C., Esquivel, Holvey, Kennemer, Matthews, Thatcher, Witt, Schaufler

Nays: 0

Exc.: 0

Prepared By: Theresa Van Winkle, Administrator

Meeting Dates: 5/6

WHAT THE MEASURE DOES: Authorizes the Real Estate Commissioner to penalize a licensed real estate property manager or principal real estate broker if the licensee fails to produce inspection records related to the management of rental real estate. Establishes a penalty of \$1,000 per day with a maximum penalty of \$10,000. Allows any real estate licensee to form a business entity for the purpose of receiving compensation in a real estate transaction. Authorizes Real Estate Commissioner to issue limited licenses to real estate brokers, property managers, and sole practitioners. Removes requirement that the publication of disciplined licensees contain the address of the licensee. Clarifies that only a principal real estate broker, property manager, or sole practitioner may operate under registered business names and establish branch offices.

ISSUES DISCUSSED:

- Methodology of developing civil penalty schedule
- Conditions for issuing limited license
- What happens to civil penalties once they are paid
- Whether there has been a history of problems with those who have been issued a limited license
- How the Real Estate Agency learns about licensees being convicted of a felony

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: SB 140 results from a collaborative effort among advisory groups and working groups including representation from the Real Estate Agency, the Oregon Association of Realtors, property managers, and others among the real estate brokerage industry. The purpose of the measure is to provide clarification of statutes and streamline real estate brokers' requirements. The measure also establishes two new provisions of authority to the Real Estate Agency.

Current statute authorizes the Real Estate Commissioner to issue limited licenses only to a licensee whose license has been revoked. SB 140 expands the authority to applicants and allows a license to be limited by its terms, acts subject to the supervision of a specific principal real estate broker, or by granted privileges. For instance, a license can be issued that prohibits a principal real estate broker from keeping client trust funds in a trust account and require all transactions to be closed with licensed escrow.

The Real Estate Agency reviews and audits rental management records to determine whether the licensee is complying with statutes and rules, such as properly handling property owners' and tenants' money in clients' trust accounts. SB 140 allows the agency to issue a civil penalty to property managers or principal brokers who manage rental real estate for failing to produce records for agency review. As with any other civil penalty imposed under the Administrative Procedures Act, licensees must be notified of their right to request a hearing.

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This summary has not been adopted or officially endorsed by action of the committee.