

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/9/00

BILL NO. SB 286

SUBJECT Broker supervision
rules

Michael Theo
(NAME)

4801 Forest Run Rd.
(Street Address or Route Number)

Madison, WI 53704
(City and Zip Code)

WI. Realtors Assoc.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: February 9, 2000

BILL NO. SB 286

SUBJECT _____

Cletus Hansen, Division
(NAME) Administrator

1400 E. Washington Ave
(Street Address or Route Number)

Madison 53703
(City and Zip Code)

Dept. of Regulation and Licensing
(Representing)

REAL ESTATE BOARD
Speaking in Favor:

Written Testimony Submitted
Speaking Against:

Registering in Favor:
but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: _____

BILL NO. SB286
OR

SUBJECT _____

Sen. Alice Claug
(NAME)

(Street Address or Route Number) _____

(City and Zip Code) _____

(Representing) _____

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Speaking Against:

Registering in Favor:
but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/9/88

BILL NO. SENATE BILL 286
OR

SUBJECT STEVE
REP. WIECKERT

(NAME) _____

(Street Address or Route Number) _____

(City and Zip Code) _____

57TH ASSEMBLY DISTRICT
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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**WISCONSIN
REALTORS®
ASSOCIATION**

4801 Forest Run Road, Suite 201
Madison, Wisconsin 53704-7337
608-241-2047 • in WI 1-800-279-1972
Fax 608-241-2901 • E-mail wra@wra.org
Web Site URL <http://www.wra.org>

William Berland, President
E-mail • rocky70@execpc.com

WILLIAM MALKASIAN, CAE, Executive Vice President
E-mail • wem@wra.org

TO: Senate Economic Development, Housing and
Government Operations Committee

FROM: Michael Theo, Vice President for Public Affairs

DATE: February 9, 2000

RE: SB 286 - Real Estate Broker Supervision Rules

SB 286 is legislation designed to improve a real estate brokers' supervision of his/her sales agents. SB 286 will benefit state regulators, brokers, sales agents and ultimately consumers. The Wisconsin REALTORS Association (WRA) agrees with the Department of Regulation and Licensing that this legislation is needed and we encourage your support.

Background

The Real Estate Board and the Department of Regulation and Licensing are currently in the process of revising the administrative rules which define the level of supervision that a broker is required to provide his or her sales agents. These changes are necessary because the current rules do not adequately describe how brokers are expected to fulfill their duty to: a) provide a resource to sales agents regarding practice questions; b) supervise contract language; c) advise on advertising and trust account practices. The Department is proposing to provide specific guidance to brokers in these areas. In addition, the Department intends to address how a broker might utilize third parties or technology resources to assist in performing the broker's duties.

Revising the appropriate administrative rules to address these issues however, requires a statutory change. SB 286 provides this change by deleting narrow, outdated language in Chapter 452 of the statutes and replacing it with a specific reference to the new, more detailed administrative rules.

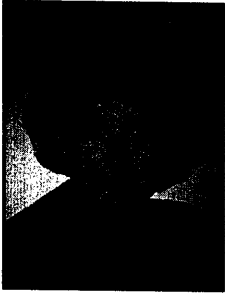
For example, many brokers use accountants to do their bookkeeping or personally review offers that an agent in the field has faxed or e-mailed to the broker back at the main office. Current law (Wis. Stat. 452.12(3)) only provides that employees at branch offices must be under the direct full-time supervision of a broker. Without further explanation, this language creates a statutory impediment for writing clearer administrative rules and raises questions for example, as to whether a broker can review proposed contract language via e-mail or fax from a remote location. Passage of AB 566 and adoption of new administrative rules delineating a brokers' supervisory duties will not change the duties of a brokers, rather it will clarify them.

- More -

Benefits

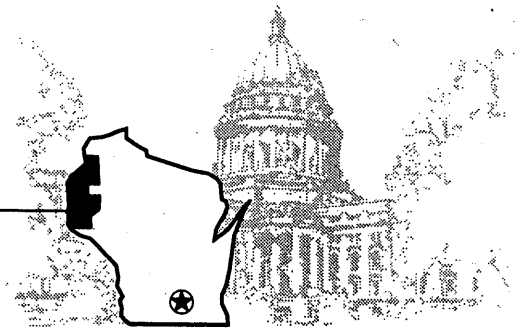
Department of Regulation and Licensing Secretary Marlene Cummings and the Real Estate Board have requested this legislation. This legislation is necessary for DR&L to realize their goal of insuring real estate brokers have clear and comprehensive supervision duties for which they are held responsible. The WRA supports this effort so that brokers are able to use the most appropriate means to fulfill these supervisory duties. The bill has no fiscal impact.

Because SB 286 will help the Department enforce the real estate license law and will help real estate brokers fulfill their supervisory duties, this legislation will benefit Wisconsin consumers. For these reasons, we strongly urge your support.



Alice Clausing

WISCONSIN STATE SENATOR



**TESTIMONY OF SENATOR ALICE CLAUSING
IN SUPPORT OF SB 286
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING AND
GOVERNMENT OPERATIONS
FEBRUARY 9, 2000**

Thank you, Mr. Chairman. I appreciate the opportunity to appear on behalf of Senate Bill 286.

As you know, a real estate broker is responsible for the acts of any other broker or real estate sales person they employ. Current law requires the direct full-time broker to supervise real estate and time-share sales people only at branch offices.

That requirement does not reflect developments in technology that actually improve oversight without requiring physical proximity. A broker can advise, review contracts, review trust accounts and advertising by fax, on-line or by telephone. The existing outdated language is restricting the Department of Regulation and Licensing's ability to prepare detailed administrative rules outlining a broker's supervisory responsibility. SB 286 replaces the requirement for "direct, full-time supervision" with a statement of the broker's responsibility and requires the creation of administrative rules specifying supervisory responsibility.

The Real Estate Examining Board and the Wisconsin Realtors Association have worked together to propose language that retains the supervisory responsibility, but deletes requirements for "full-time direct supervision."

The Wisconsin Realtors Association should be commended, along with Secretary Cummings of the Department of Regulation and Licensing, for taking the initiative to modernize the language while retaining consumer safeguards. This is a simple, but important change. I urge you to report it out with a unanimous recommendation as soon as you can.

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Tommy G. Thompson
Governor

Marlene A. Cummings
Secretary

1400 E. WASHINGTON AVENUE
P.O. BOX 8935
MADISON, WISCONSIN 53708-8935
E-Mail: dori@mail.state.wi.us
(608) 266-2112
FAX#: (608) 267-0644

TESTIMONY OF THE DEPARTMENT OF REGULATION AND LICENSING
ON SB 286

Before the Committee on Economic Development, Housing
and Government Operations

February 9, 2000

Good morning, Chairman Wirch and members of the committee.

I am Cletus Hansen, Administrator of the Division of Business Licensure and Regulation in the Department of Regulation and Licensing. I am testifying to inform you that the Department of Regulation and Licensing and the Real Estate Board support the introduction of SB 286 by the Wisconsin Realtors Association.

SB 286 would require the Department to promulgate rules that specifically address the supervisory duties of real estate brokers. The Department already has the authority to promulgate such rules, and it has, in fact, done so in Chapter RL 17 of the Wisconsin Administrative Code. Chapter RL 17 has provisions relating to branch offices, the transfer and termination of licensed employees, the supervision of employees, the supervision of principal offices and branch offices, and the supervision of unlicensed personal assistants. Chapter RL 17 has provided extremely effective supervisory guidelines for the Department, the Board and licensees for many years. However, it is time to do some fine-tuning. It is time to remove any artificial and costly requirements that are no longer needed in today's technological environment. It is also time to provide more specific guidelines concerning the level of supervision and the types of activities that need one or other type of supervision. That process has already begun and a rule revision proposal should be ready soon.

The primary goal of SB 286 is to remove language from Chapter 452 that requires the direct, full-time supervision of a licensed broker. This is precisely the artificial and costly requirement I referred to earlier. Why do two real estate offices within a mile or two of each other need separate branch office managers who must be licensed as real estate brokers and who must each be paid a manager's salary or commission? If a real estate company can demonstrate that it is able to provide meaningful supervision of its licensed employees from a central office, even though the employees

are located at several offices, is this not sufficient to adequately protect consumers? We believe that it is and we would like the revised rules to offer sufficient guidance to brokers and their employees, so they will understand what supervision is necessary and appropriate.

We urge you to support SB 286. Thank you for this opportunity to address you.