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**October 31, 2013**

**10 AM/415 Northwest**

**Testimony on Assembly Bill 240/Assembly Committee on Housing and Real Estate  
Relating to: experience requirements for real estate brokers**

Good afternoon Chairman Murtha and Committee members,

One of the largest purchases in someone's lifetime is real estate. Whether it's a \$10,000 home or a \$1,000,000 home, it's a big investment. When a consumer makes this purchase, they expect knowledgeable representation from a real estate agent.

Which is why it's surprising that Wisconsin law allows real-estate brokers to become licensed without any hands-on experience. Believe it or not, someone could go from zero real-estate knowledge to being a licensed broker in the span of only two months. Worse yet, these brokers can employ and supervise salespersons who have just received their license with no experience.

Assembly Bill 240 addresses this oversight. It requires at least two years as a real estate salesperson under the direct supervision of a licensed broker as a condition of receiving a broker's license. An applicant for a broker's license must submit the appropriate evidence to the Real Estate Examining Board. There are some exceptions for applicants who are attorneys, building contractors, or individuals with prior real estate experience considered sufficient by the Examining Board.

Wisconsin is the only state that does not require experience as a prerequisite to a supervisory real estate license. This lack of experience can have negative consequences, both for the salespeople who won't be supervised correctly, and for the clients who expect professionalism and knowledge, but won't be getting it.

The bill assures consumers that they are not at risk from falling victim to a freshly-minted broker with no experience.



State Senator  
**Rick Gudex**

District 18

October 31, 2013

To: The Assembly Committee on Housing and Real Estate  
From: Sen. Rick Gudex  
Re: **Assembly Bill 240**

Mr. Chairman, members of the committee, thank you for hearing this bill today.

Wisconsin law differentiates between a real estate “broker” and a real estate “salesperson.” A broker is a licensed real estate professional who can employ salespersons. A salesperson is, by definition, a real estate professional who is employed by a broker. Brokers therefore have greater authority and greater responsibility under Wisconsin law, **but the law does not require brokers to have any actual real estate experience.** It is possible, under Wisconsin law, for a person to go from zero knowledge about real estate to being a licensed real estate broker in the span of only two months. That freshly-minted broker can then hire salespersons who themselves may have just received their licenses, and have no actual real estate experience.

This lack of experience can have negative consequences, both for the salespeople who won't be supervised correctly, and for the clients who expect professionalism and knowledge, but who won't be getting it.

Wisconsin is the only state that does this. Every other state requires some experience as a prerequisite to a supervisory real estate license. Therefore, Assembly Bill 240 and its Senate companion, SB 208, requires **at least two years as a real estate salesperson, or related experience in the law or in contracting**, as a condition of receiving a broker's license.

The committee will be hearing from representatives of the industry once I'm finished, who will be able to tell you in more detail why this is a good idea both for consumers and for real estate professionals.

Thank you for your attention to this simple and bipartisan bill. We urge your support.



**To:** All Legislators

**From:** Cori Lamont, Director of Regulatory Affairs  
Tom Larson, Vice President of Legal and Public Affairs

**Date:** August 21, 2013

**RE:** Experience Requirements for Real Estate Brokers – AB240/SB208

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The Wisconsin REALTORS® Association is proposing legislation that will require 2 years of documented real estate experience as a real estate salesperson within the last 4 years preceding application as a Wisconsin real estate broker.

### **Background**

Currently, to obtain a Wisconsin Real Estate Broker license an applicant must: complete the Wisconsin salesperson license requirements (72 hours of pre-license education and passing score on the license exam) and the broker license requirements (72 hours of pre-license education and a passing score on the license exam). A broker is not required to hold a salesperson license for any amount of time prior to application. Additionally, Wisconsin is the only state that permits a person in a supervisory role to have no real estate transactional experience.

With the increasing complexity of today's real estate transaction including foreclosures, short sales, bank-owned properties; hands-on experience is imperative for a real estate broker. Considering an individual could receive a broker's license open up a real estate office, and have agents work for them without ever participating in a real estate transaction raises a number of concerns; e.g.:

- Consumer representation by agents without the supervision of an experienced licensee;
- Broker representation of consumers without any experience in a real estate transaction;
- Lack of experienced broker supervision may expose employees and agents to liability;
- Incompetent consumer representation exposing the consumer to litigation.

### **Proposal**

Require 2 years of documented real estate experience as a real estate salesperson within the last 4 years preceding application as a Wisconsin real estate broker. The requirement for a Wisconsin broker applicant to show documented transaction experience as an active real estate salesperson within the last 4 years preceding application protects the broker, the employees and agents of the company and, most importantly, the public.

- **Provides authority to the Real Estate Examining Board (REEB) to implement the experience requirement** -- As the body granting the license, the REEB shall create parameters for providing proof of the transactional experience and the authority to promulgate any administrative code changes required by the modification.
- **Permits a waiver from the REEB for the experience requirement** -- A waiver may be granted, including those in the affiliated businesses (e.g. builders, CPAs, mortgage loan officers, title, appraisal), upon request to the REEB to waive the experience requirement or to consider related experience including but not limited to education, experience and professional certifications or designations.
  - In addition, applicants licensed to practice law in Wisconsin will be able to achieve the experience by providing evidence for real estate-related work.
  - The two-year experience requirement may be satisfied by broker applicants that have held a broker license in another state for at least two years within the last four years preceding application.

If you have any questions or if you need any additional information, please contact us at (608) 241-2047.

**To:** All Legislators

**From:** Cori Lamont, Director of Regulatory Affairs  
Tom Larson, Vice President of Legal and Public Affairs

**Date:** August 21, 2013

**RE:** Experience Requirements for Real Estate Brokers with Management Duties

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**YEARS OF EXPERIENCE REQUIRED FOR A BROKER LICENSE (with  
management duties) IN ALL 50 STATES**

<b>Alabama</b> - 2 years	<b>Michigan</b> – 3 years full time	<b>Pennsylvania</b> – 3 years
<b>Alaska</b> –24 months	<b>Minnesota</b> – 3 years	<b>Rhode Island</b> – 2 years
<b>Arizona</b> –3 years	<b>Mississippi</b> – 1 year active	<b>South Carolina</b> – 3 years
<b>Arkansas</b> –2 years	<b>Missouri</b> – 2 years active	<b>South Dakota</b> – 2 years
<b>California</b> –2 years	<b>Montana</b> – 2 years	<b>Tennessee</b> – 3 years
<b>Colorado</b> – 2 years	<b>Nebraska</b> – two options: (1) 2 years full-time or (2) 180 hours education and 0 experience	<b>Texas</b> – 4 years
<b>Connecticut</b> –2 years	<b>Nevada</b> – 2 years	<b>Utah</b> – 3 years
<b>Delaware</b> –5 years	<b>New Hampshire</b> – two options (1) 1 year full-time or 2000 hours part time within 5 years	<b>Vermont</b> – 2 years
<b>Florida</b> – 24 months	<b>New Jersey</b> – 3 years	<b>Virginia</b> – 3 out of 4 years
<b>Georgia</b> –3 years	<b>New Mexico</b> – 2 years	<b>Washington</b> – 2 years
<b>Hawaii</b> –3 years	<b>New York</b> – 1 year	<b>West Virginia</b> – 2 years
<b>Idaho</b> –2 years	<b>North Carolina</b> – 2 years	<b>Wisconsin</b> – 0
<b>Illinois</b> – 2 years	<b>North Dakota</b> – 2 years	<b>Wyoming</b> – 2 years
<b>Indiana</b> – 2 years	<b>Ohio</b> – 2 years	
<b>Iowa</b> – 2 years	<b>Oklahoma</b> – 2 years	
<b>Kansas</b> – 2 years	<b>Oregon</b> – 3 years	
<b>Kentucky</b> – 2 years		
<b>Louisiana</b> – 4 years		
<b>Maine</b> – 3 years		
<b>Maryland</b> – 3 years		
<b>Massachusetts</b> – 1 year		