

HOUSE COMMITTEE ON  
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room  
Tapes - 24

MEMBERS PRESENT:

REP. LYNN LUNDQUIST, Chair  
REP. TONY FEDERICI, Vice-Chair  
REP. LARRY WELLS  
REP. LYNN SNODGRASS

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator  
JODIE HALL, Committee Assistant

MEASURES HEARD:

HB 2534 - Work Session  
HB 2677 - Public Hearing

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

000 CHAIR LUNDQUIST OPENS MEETING AT 1:45 PM.

002 CHAIR LUNDQUIST: Will not have work session on HB 2093 or HB 2647 today. Will have a work session on Thursday.

004 OPENS WORK SESSION ON HB 2534.

006 DAN JARMAN, Committee Administrator: Summarizes HB 2534 and the -1 Amendments submitted by Sacred Heart Hospital. Refer to Exhibit A.

030 CHAIR LUNDQUIST: Speaks on the -1 amendment.

038 REP. WELLS: Speaks on the -1 amendment.

052 MOTION: REP. FEDERICI: Moves to ADOPT the -1 amendments dated 3/6/95 submitted by Sacred Heart Hospital.

054 CHAIR LUNDQUIST: Hearing no objections, the MOTION is ADOPTED.

056 MOTION: REP. WELLS: Moves to send HB 2534 AS AMENDED to the Full Committee on Commerce with a DO PASS recommendation.

058 VOTE: In a roll call vote, all members present vote AYE.

059 CHAIR LUNDQUIST: Motion is ADOPTED.

060 Rep. Wells will carry HB 2534 to the Full Committee on Commerce.

061 CLOSSES WORK SESSION ON HB 2534.

069 OPENS PUBLIC HEARING ON HB 2677.

074 EMILY CEDARLEAF, Multifamily Housing Council of Oregon: Testifies in SUPPORT of HB 2677. Exhibit B.

103 -Clarifies proposed amendment for Rep. Wells and Chair Lundquist.

118 -Clarifies referral fee for Rep. Wells.

136 -Further explains reason for amendments being proposed.

146 -Explains intention of HB 2677 to Rep. Wells.

169 -In response to Chair Lundquist: Currently there is a need for this type of law, real estate licensees utilize

195 SHARON FLEMING-BARRETT, Affiliated Rental Housing Association of Oregon, Inc.: Testifies in SUPPORT of HB 2677. Exhibit C.

214 CEDARLEAF: Responds to inquiries of Rep. Wells concerning rental homes.

237 WELLS: Re-clarifies rental homes agreement for referral fees.

252 CHAIR LUNDQUIST: Asks for further clarification on multiple rental homes.

266 REP. FEDERICI: Clarifies multiple rental homes as he sees it.

276 CEDARLEAF: Responds to Rep. Federici concerning HB 2677.

285 -In response to Rep. Snodgrass: Yes, the real estate agency has seen the amendments. Discussed the amendments with the agency.

299 MORELLA LARSON, Commissioner, Real Estate Agency: Testifies on HB 2677.

Created a narrow exemption within HB 2677 affecting a narrow number of people.

386 -In response to Rep. Federici: Yes, we can expect that multiple owners will be back next session to amend statutes to receive this exemption.

400 STEVE HAWES, Real Estate Agency: Responds to Rep. Federici's inquiry.

420 -In response to Chair Lundquist: Yes, compensation would be allowed with no limitation on numbers or amounts within the narrow exception allowed in HB 2677.

440 -In response to Chair Lundquist: Have to expect that someone will not make a living off of referrals.

460 REP. FEDERICI: Explains his policy.

TAPE 24, SIDE A

045 REP. FEDERICI: There would be a clients trust account.

052 LARSON: All property managers must have a client trust account.

065 REP. FEDERICI: No restrictions for how much or how little can be given?

074 HAWES: No restrictions.

077 -In response to Rep. Federici: Owners of multiple would apply under this law. Single owners would not.

103 -In response to further questions of Rep. Federici: No specification for duties of the referee. This means, no designation of what the referee can, must or should do within the involvement of the referral (showing the apartment, etc.)

114 REP. FEDERICI: Feels the word "referral" is a bit unclear.

116 HAWES: Did not try to define referral because of the complexity of doing so; the broadness of the definition.

123 REP. SNODGRASS: Inquiries about accounts on per se advertising, does the owner understand what the line item is? Owners responsibility to learn?

130 LARSON: Statutes and rules require the owner to submit a report on their expenditures. Want the property owners to be able to make an intelligent decision. Agency is a consumer protection agency, here to assist the owners in learning more about their line item expenditures.

146 HAWES: Under agency law, owners are required to have records of their receipts for the Agency for auditing. Question is how these costs are reported to the owner.

155 REP. SNODGRASS: You are here to protect the consumer? Promote business? To promote professional ethics?

159 LARSON: Consumer protection is the Real Estate Agency's first goal. In order to do so, must have a knowledgeable business community. The agency must work closely with the business community.

196 -Explains scope of HB 2677 for Rep. Snodgrass.

216 CHAIR LUNDQUIST: Who can be harmed by this legislation? What dangers would HB 2677 create?

220 HAWES: Encouraging people to become involved in an activity that is usually reserved for licensed real estate agents.

235 CHAIR LUNDQUIST: Agrees with Rep. Snodgrass, sees this as assisting the business community.

246 HAWES: Responds to Rep. Federici concerning referrals of sales of properties especially of transactions done verbally.

277 -Responds further to Rep. Federici: Must assume that these referrals occur now.

296 CHAIR LUNDQUIST: Today this bill is talking about referrals.

310 CEDARLEAF: Responds to inquiries of Chair Lundquist and Rep. Federici.

341 -Responds to Rep. Federici concerning what these referees will do.

362 -Responds to Rep. Federici concerning the possibility of creating a written policy as to what compensation or payment will be.

393 REP. FEDERICI: Has concerns about verbal agreements. Believes the referee should be knowledgeable about agreement up front.

445 CLOSSES PUBLIC HEARING ON HB 2677.

454 ADJOURNS MEETING AT 2:45 PM.

Submitted by,      Reviewed by,

JODIE HALL              DANIEL JARMAN  
Committee Assistant      Committee Administrator

EXHIBIT SUMMARY:

- A - HB 2534 -1 Amendments - Staff - 1 page
- B - Testimony in Support HB 2677 - Emily Cedarlead, Multifamily Housing Council - 2 pages
- C - Testimony in Support of HB 2677 - Sharon Fleming-Barrett, Affiliated Rental Housing Association of Oregon, Inc. - 1 page