



Pennsylvania
Association of
Realtors®

*The Voice for Real Estate
in Pennsylvania*

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**House Professional Licensure Committee Hearing on House Bill 863
Presented by Kathy McQuilkin and Mark Mohn
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Good morning Chairman Mustio, Chairman Readshaw and members of the House Professional Licensure Committee. My name is Kathleen McQuilkin, the 2017 President of the Pennsylvania Association of Realtors® and this is Mark Mohn, the association's Legislative Chair. I am a practicing Realtor® at RE/MAX Professional Realty in Exton and Mark is with RE/MAX of Reading in Wyomissing. Together, we have more than 40 years of real estate experience.

We're here today on behalf of the 30,000 members of the Pennsylvania Association of Realtors® who support House Bill 863, introduced by Representative Rothman.

The amendments proposed in House Bill 863 are the result of a Realtor® task force that examined Pennsylvania educational requirements for real estate licensees. The bill makes changes to the state's Real Estate Licensing and Registration Act (RELRA). PAR believes that the proposed changes will result in an enhanced level of service for consumers and a higher level of competency throughout the real estate industry.

HB 863 proposes several changes, the first would require additional training for salesperson pre-licensure education. The bill would increase pre-licensure education for new licensees by an additional 15 hours, allowing for a grandfathering process for those already enrolled in classes. PAR believes increasing the pre-licensure education requirement will help raise the level of competency of new licensees, helping them to better serve their clients and giving them a greater understanding of real estate transactions. The additional 15 hours will raise the required education from 60 hours to 75 hours. Throughout the United States, the average pre-licensure requirement is 79 hours and 26 states already require more than 60 hours of pre-licensure education, including our neighbors in Delaware (99), New Jersey (75), New York (75), Ohio (120) and West Virginia (90).

Second, HB 863 would require salesperson licensees to complete all licensure courses within five years prior to the date of taking and passing the exam, allowing for a grandfathering process for those already enrolled in classes. Due to the increasingly challenging real estate market, PAR believes it would be more advantageous for both the new real estate licensee and the consumer if courses were required to be completed in a shorter period of time. With a shorter timeframe, new licensees would be better equipped to handle the ever-changing market.

Third, HB 863 would require a high school diploma or equivalent for licensure as a real estate salesperson. Pennsylvania has relatively easy standards to become a real estate licensee. Requiring a high school diploma or equivalent will help elevate the professionalism of all licensees, as well as provide additional protection to the consumers they serve.

In addition to these requirements, PAR also supports the efforts to amend RELRA to allow licensees to conduct Broker Price Opinions, or BPOs, as they're known in the industry. A broker's price opinion is the process used by a hired sales agent to determine the potential selling price or estimated value of a real estate property. A BPO is popularly used in situations where a financial institution believes the expense and delay of an appraisal is unnecessary.

PAR has met with representatives from the State Real Estate Commission, State Board of Certified Real Estate Appraisers, Coalition of Pennsylvania Real Estate Appraisers, Real Estate Valuation Advocacy Association (REVAA), and the Pennsylvania Bankers Association to negotiate specifics of this amendment over the past several years. We've worked to incorporate many of the requests from each group.

The result is a restrictive use of BPOs, in fact probably one of the most restrictive in the country. The amendment allows BPOs only for an entity or financial institution. The association recognizes that BPOs are not certified appraisals, nor do they take the place of one.

We support the bill's definition of a BPO. HB 863 would require that a BPO fee be paid directly to a broker. In addition, it will require agents to take a valuation certification course, be licensed for at least three years and take valuation continuing education each two-year cycle.

The proposed legislation outlines that BPOs could only be used for: in conjunction with a Real Estate Owned, or REO, loan modifications, short sales, portfolio evaluation/monitoring and relocation. BPOs could not be used for bankruptcy, tax appeals, eminent domain, divorce, equitable distribution, actions before any court or loan origination.

Currently 45 states allow BPOs to be performed and according to industry estimates, more than 10 million BPOs are performed annually across the country. We believe it's time to make provisions for BPOs in Pennsylvania.

The Pennsylvania Association of Realtors® is dedicated to continually enhancing the education and competency of real estate licensees. Thank you again for allowing us a few minutes to share our support of House Bill 863. We look forward to working with you toward the passage of this bill. We'd be happy to answer any questions you may have.