Representative Sean Patrick Brennan
14th House District
Serving Parma, Parma Heights, and Cleveland's West Park

SPONSOR TESTIMONY: H.B. 466

5-22-24

Chair Reynolds, Vice Chair Johnson, Ranking Member Craig, Senator Blessing, and Senator Brenner - thank you for the honor of allowing Representative Schmidt and I to present H.B. 466 to your Select Committee on Housing today.

Let me begin by saying what an honor it is to present to my good friend Chair Reynolds. She and I got to know one another well as Council of State Governments fellows last summer in Madison, Wisconsin. Thank you for being a champion of expanding housing options in our great state. I have been thoroughly impressed with how you your fellow committee members have taken it to the streets by having meetings throughout the state to seek input from stakeholders and I appreciated the meeting you had in Cleveland.

H.B. 466, which passed the House with a vote of 88-1, will require written representation agreements between real estate professionals and the consumers they serve. Creating a uniform standard throughout the great state of Ohio is essential on many fronts and is, no doubt, why more and more states – 18 at this point – are requiring them.

First, a written representation agreement outlines the expectations and responsibilities of both parties involved in a real estate transaction. It ensures clarity and reduces the chances of misunderstandings or disputes later on. By clearly defining the scope of services, pricing structure, expiration date, and obligations, both the consumer and the real estate professional can operate with confidence and transparency. For instance, because of changes resulting from recent lawsuits, homebuyers may now need to pay their real estate professional directly, as sellers may no longer offer to share commissions with the buyer's agent. Thus, it is imperative that the homebuyer know right away under what circumstances and how much their agent will be compensated.

Secondly, written representation agreements provide legal protection for both parties. In the event of any disagreements or legal issues, having a written contract can serve as evidence of the agreed-upon terms and protect the rights of both the client and the real estate professional, as opposed to relying on verbal conversations and assumptions about understanding of responsibilities.

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Moreover, written representation agreements can serve as the **key** to ***opening the door*** to further building trust and professionalism in the real estate industry. When clients see that a real estate professional is committed to formalizing their relationship through a written contract, it instills confidence in the professionalism and integrity of the agent or broker. This can lead to stronger client-agent relationships and increased referrals in the future.

Additionally, these agreements help ensure compliance with legal and ethical standards in the real estate profession. By adhering to these requirements, real estate professionals can avoid potential disciplinary actions and maintain their reputation in the industry.

Before closing, I would like to add what an honor it is to present this bill to you today with my very distinguished colleague and fellow runner, Representative Jean Schmidt.

In conclusion, written representation agreements should not just be a recommendation, but a fundamental aspect of conducting business in the real estate industry. They provide clarity, legal protection, and professionalism for both consumers and real estate professionals. Therefore, it is crucial for all parties involved in a real estate transaction to enter into a written representation agreement to safeguard their interests and ensure a successful outcome.

Thank you for your careful ***appraisal*** of this proposal.