



**House Technology and Innovation Committee
Proponent Testimony for House Bill 230
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Chairman Fraizer, Vice Chair Hall, Ranking Member Lightbody, and members of the House Technology and Innovation Committee, thank you for the opportunity to testify in support of House Bill 230.

Formed in 1910, Ohio REALTORS® is the state's largest professional trade organization with nearly 36,000 members representing both residential and commercial practitioners, as well as auctioneers and appraisers. We applaud Representatives Ray and Hall for introducing this bill and hope this information will be helpful as you consider this legislation.

In past hearings testimony has focused on liquor permitting and the delays with unemployment benefits. Today my testimony will focus on the significant need to modernize the real estate licensing system in our state, and the problematic delays exacerbated by COVID that directly affected our REALTOR® members. Many policymakers in Ohio are unaware and surprised when they learn that nearly all real estate licensing functions are paper-based and not available in an online platform. We believe House Bill 230 will not only shed light on statewide technological inadequacies, but we also hope it will lead to the modernization our industry desperately needs.

To better help you understand the Ohio real estate industry, there are more than 41,000 active real estate brokers and salespeople currently practicing. There are 2,684 active real estate companies and 835 sole proprietors. The real estate industry provides many economic benefits here in Ohio. Data and research¹ show the Ohio real estate industry accounted for \$103.5 billion dollars, or 15.3% of the gross state product in 2020. Additionally, the total economic impact of the average home sale in Ohio puts \$61,500 back into the state's economy through construction, commissions, moving expenses, furniture, appliances, remodeling, and other expenditures. In short, the real estate industry and REALTORS are most certainly keeping the Ohio economy moving forward.

Unfortunately, the professional business needs of tens of thousands of real estate brokers and salespeople are not being met. Instead, our members are reliant on a slow, antiquated, paper-based licensing system.

The real estate industry is regulated and licensed by the Ohio Division of Real Estate and

¹ [2020-state-by-state-economic-impact-of-real-estate-activity-ohio-3-31-2021.pdf \(nar.realtor\)](#)





Professional Licensing (DREPL), which falls under the Department of Commerce. A real estate broker, salesperson, and company must be licensed and registered with the Division of Real Estate. In order to achieve all licensing requirements and remain in compliance, a licensee must fill out various hard copy forms and have the DREPL review and accept the paperwork.

Essentially all professional licensing needs must be done by sending a hard copy through the mail. For instance, while a brokerage can pay their assessment online, the actual paperwork must be completed and mailed to the DREPL. An existing licensee can only renew their license online. Finally, continuing education certificates can be attached to a licensee's online profile, but new applicants, or suspended licensees or late renewals must mail their continuing education certificates.

Further, the following licensing functions are currently done by mail as there is no online platform to handle these needs:

- Transferring broker or salesperson license from one brokerage to another
- Reactivating a broker or salesperson license
- Applying for the broker or salesperson license exam
- Applying to retake the license exam
- Course application
- Real estate compliance application
- To request license history or a letter of Good Standing
- All applications mentioned above must be paid for by mailing a check into DREPL

Although there are several licensing functions that should be transferred to an online platform, I will focus on the practice of transferring a license from one brokerage to another. Before COVID-19, real estate professionals could come to the Riffe Center to transfer licenses, and file other necessary paperwork to get their license updated and active. In fact, some of the larger real estate brokerages have a dedicated staff person who used to drive to Columbus to conduct some business in-person as it was the most expedient manner to handle certain licensing needs. However, the pandemic halted all walk-ins and instead a practitioner must now send the forms in through the mail. This shed light on the inadequate, outdated system 41,000 real estate licensees are forced to use every day.

I would like to highlight a few examples of how this archaic system has impacted Ohio REALTOR members. Transferring a license from one brokerage to another took several weeks during the height of the COVID-19 pandemic. Before COVID, as mentioned someone could walk into Riffe Center and get a license transfer stamped and approved within 15 minutes on the same day. In a post-COVID world, however, it is a multi-day process and must be done through the mail. Currently it takes 4-7 days to transfer a real estate license, which means the licensee cannot legally conduct business (cannot show houses, cannot go on listing appointments, etc.) while awaiting processing and transfer. The waiting period of 4-7 days may seem insignificant, but for professionals who depend completely on commission to make a living, every day is a lifetime. This can stifle a licensees' ability to grow their business because if they cannot give up that week of work, they cannot transfer to a different brokerage that



better fits their needs.

To make matters worse, Ohio REALTORS and prospective licensees were at the mercy of a mail system that was also experiencing significant delays and other issues. Even if a real estate professional decided to spend the extra money to overnight an important licensing document to DREPL, there were potentially long delays with this process as all mail was first sent to the Department of Administrative Services for sorting, and then sent to the Division of Real Estate and Professional Licensing for processing. This process could take several days and even weeks as the virus spread requiring DREPL staff to work at home and only be in-office during limited periods. I would be remiss if I did not express our Association's sincere gratitude to the Division of Real Estate and Professional Licensing staff for their dedication, long hours, and tireless effort processing the paperwork they receive.

Thankfully, the Department of Commerce has been responsive to these concerns. They requested funding in House Bill 110 to allow for the transfer of a license from one company to another to be moved online. This is great news, however there are still many other licensing functions that must be moved to an online platform.

Before the COVID-19 pandemic, our REALTOR members tolerated the antiquated, paper-based system. During the pandemic, the outdated system literally stopped our members, small business owners, from working. This is unacceptable. If our industry has learned anything over the past year it is that we desperately need an online system for all real estate licensing functions.

You may be wondering how Ohio's system stacks up against other states. It is important to note that Ohio has the most real estate licensees of any of the contiguous states. Unfortunately, we are the only state that essentially offers no licensing functions in an online platform. Kentucky, Pennsylvania, Michigan, and Indiana offer their professional real estate licensing systems completely online. West Virginia allows some business to be done online and some by mail. Ohio has been slow to modernize and lags behind our surrounding states, yet we have far more real estate professionals to serve and a hot market that needs quick attention by our real estate professionals. A delay of even one week could result in a lost deal, lost commission, and lost opportunity to grow one's business.

Depending on a paper-based system and the mail does not allow for a seamless, efficient licensing system. The system is outdated and does not represent the high-caliber industry professionals who deserve and need an online system to keep their licenses current and active. House Bill 230 will help the policymakers better understand how the system works, how it does not work, and how to get it up to the speed of business that Ohio real estate professionals should enjoy.

Thank you for your time. I would be happy to try to answer any questions you may have.