

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Public Policy, to which was referred Senate Bill No. 275, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Replace the effective dates in SECTIONS 1 through 56 with
2 "[EFFECTIVE JULY 1, 2014]".
3 Page 1, between the enacting clause and line 1, begin a new
4 paragraph and insert:
5 "SECTION 1. IC 5-20-5-18 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. (a) An eligible
7 entity shall establish an affordable housing fund advisory committee
8 consisting of the following eleven (11) members:
9 (1) One (1) member appointed by the executive of the eligible
10 entity to represent the interests of low income families.
11 (2) One (1) member appointed by the executive of the eligible
12 entity to represent the interests of owners of subsidized,
13 multifamily housing communities.
14 (3) One (1) member appointed by the executive of the eligible
15 entity to represent the interests of banks and other financial
16 institutions.
17 (4) One (1) member appointed by the executive of the eligible
18 entity to represent the interests of the eligible entity.
19 (5) One (1) member appointed by the executive of the eligible
20 entity to represent real estate brokers. ~~or salespersons.~~ The
21 member appointed under this subdivision must be nominated to

- 1 the executive by the local realtors' association.
- 2 (6) One (1) member appointed by the executive of the eligible
- 3 entity to represent construction trades. The member appointed
- 4 under this subdivision must be nominated to the executive by the
- 5 local building trades council.
- 6 (7) Five (5) members appointed by the legislative body of the
- 7 eligible entity to represent the community at large. Members
- 8 appointed under this subdivision must be nominated to the
- 9 legislative body after a general call for nominations from
- 10 township trustees, community development corporations,
- 11 neighborhood associations, community based organizations, and
- 12 other social services agencies.
- 13 (b) Members of the affordable housing fund advisory committee
- 14 serve for a term of four (4) years, and are eligible for reappointment. If
- 15 a vacancy exists on the committee, the appointing authority that
- 16 appointed the former member whose position has become vacant shall
- 17 appoint an individual to fill the vacancy. A committee member may be
- 18 removed at any time by the appointing authority that appointed the
- 19 committee member.
- 20 (c) The affordable housing fund advisory committee shall make
- 21 recommendations to the eligible entity regarding:
- 22 (1) the development of policies and procedures for the uses of the
- 23 affordable housing fund; and
- 24 (2) long term sources of capital for the affordable housing fund,
- 25 including:
- 26 (A) revenue from:
- 27 (i) development ordinances;
- 28 (ii) fees; or
- 29 (iii) taxes;
- 30 (B) financial market based income;
- 31 (C) revenue derived from private sources; and
- 32 (D) revenue generated from grants, gifts, donations, or income
- 33 in any other form from a:
- 34 (i) government program;
- 35 (ii) foundation; or
- 36 (iii) corporation."
- 37 Page 8, line 30, delete "who," and insert "**who:**
- 38 **(A)**".
- 39 Page 8, line 33, delete "acts." and insert "acts; **and**
- 40 **(B) is acting in association with and under the auspices of**
- 41 **a managing broker.**".
- 42 Page 9, line 2, strike "or salesperson".

- 1 Page 9, line 9, strike "or".
- 2 Page 9, line 10, strike "salesperson".
- 3 Page 9, line 17, after "than" insert "**lots and land or**".
- 4 Page 9, line 33, strike "salesperson" and insert "**broker**".
- 5 Page 9, line 34, delete "licensed under" and insert "**whom the**
- 6 **Indiana real estate commission holds responsible for the actions of**
- 7 **licensees who are affiliated with the managing broker.**".
- 8 Page 9, delete line 35.
- 9 Page 11, line 5, strike "and".
- 10 Page 11, line 7, delete "." and insert "; **and**
- 11 **(17) adopt rules under IC 4-22-2 governing education,**
- 12 **including prelicensing, postlicensing, and continuing**
- 13 **education.**".
- 14 Page 12, line 9, strike "and salespersons".
- 15 Page 14, delete lines 29 through 35.
- 16 Page 15, line 37, strike "principal" and insert "**managing**".
- 17 Page 15, line 39, strike "or salesperson".
- 18 Page 16, line 8, strike "principal" and insert "**managing**".
- 19 Page 16, line 10, strike "or salesperson".
- 20 Page 16, line 23, strike "principal" and insert "**managing**".
- 21 Page 16, line 30, strike "principal" and insert "**managing**".
- 22 Page 16, line 32, strike "or salesperson".
- 23 Page 17, line 17, delete "During the first two (2) years after" and
- 24 insert "**An individual who applies for a broker's license after July**
- 25 **1, 2014, must, during the first two (2) years after the license is**
- 26 **issued, take and pass at least thirty (30) hours of postlicensing**
- 27 **education focused on the practical matters of real estate**
- 28 **transactions instead of the continuing education requirements**
- 29 **under IC 25-34.1-9.**".
- 30 Page 17, delete lines 18 through 21.
- 31 Page 17, line 41, strike "broker-salesperson" and insert "**broker**".
- 32 Page 17, line 42, strike "as a broker-salesperson".
- 33 Page 18, line 1, strike "principal" and insert "**managing**".
- 34 Page 18, line 2, strike "principal" and insert "**managing**".
- 35 Page 18, line 3, strike "principal" and insert "**managing**".
- 36 Page 18, line 4, strike "broker-salesperson" and insert "**broker**".
- 37 Page 18, line 4, strike "principal" and insert "**managing**".
- 38 Page 18, delete lines 6 through 9.
- 39 Page 19, between lines 16 and 17, begin a new paragraph and insert:
- 40 "**(e) Beginning July 1, 2014, a person who was licensed as a**
- 41 **salesperson under section 3.1 of this chapter, before its repeal, and**
- 42 **who applies for reactivation must complete the twenty-four (24)**

1 hour course required to become a broker under this article. The
 2 course described under this subsection may count toward the
 3 person's continuing education requirements.

4 (f) Beginning July 1, 2014, a broker licensed on or after July 1,
 5 2014, who becomes inactive before completing the thirty (30) hour
 6 postlicensing education required under section 4.1(f) of this
 7 chapter, must complete the thirty (30) hours of postlicensure
 8 education before reactivation of the broker's license.

9 SECTION 18. IC 25-34.1-3-10.5 IS ADDED TO THE INDIANA
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2014]: **Sec. 10.5. (a) For purposes of this**
 12 **section, "referral status" means that the commission has granted**
 13 **an applicant of a license a waiver under IC 25-34.1-9-19 as a result**
 14 **of the applicant meeting the requirements under**
 15 **IC 25-34.1-9-19(2).**

16 (b) For purposes of this section, "salesperson" has the meaning
 17 set forth in IC 25-34.1-1-2(5) (before that subdivision was
 18 removed).

19 (c) For purposes of this section, "salesperson's license" means
 20 a license issued under IC 25-34.1-3-3.1 (before its repeal).

21 (d) An individual whose salesperson's license is in referral status
 22 on June 30, 2014, may continue to make referrals to a licensed
 23 broker on and after July 1, 2014. However, an individual whose
 24 salesperson's license is in referral status on June 30, 2014, may not
 25 perform acts beyond making referrals to a licensed broker unless
 26 the individual has been issued a broker's license under subsection
 27 (e).

28 (e) An individual whose salesperson's license is in referral status
 29 on June 30, 2014, must:

30 (1) complete at least twenty-four (24) hours of the education
 31 described in IC 25-34.1-5-5;

32 (2) meet the requirements to be licensed as a broker under
 33 IC 25-34.1-3-4.1; and

34 (3) attest to the commission that the salesperson has
 35 completed the twenty-four (24) hours of education required
 36 under subdivision (1);

37 before the commission may issue the individual a broker's license.

38 (f) If:

39 (1) a broker is licensed under this article on or after July 1,
 40 2014; and

41 (2) the broker's license is placed on referral status before the
 42 broker completes the thirty (30) hours of postlicensing

1 **education required under section 4.1(f) of this chapter;**
 2 **the broker must complete the thirty (30) hours of postlicensing**
 3 **education before the broker's license may be moved from referral**
 4 **status and the broker may perform acts beyond making referrals**
 5 **to licensed brokers."**

6 Page 20, strike lines 39 through 42.

7 Page 21, line 1, strike "(e)" and insert "(d)".

8 Page 21, line 1, after "or" insert "**out-of-state commercial**".

9 Page 21, between lines 3 and 4, begin a new paragraph and insert:

10 "SECTION 18. IC 25-34.1-4-0.5 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2014]: **Sec. 0.5. To become a managing**
 13 **broker, a person must:**

14 **(1) hold a broker's license for at least two (2) years; and**

15 **(2) take and pass at least twenty-four (24) hours of broker**
 16 **management courses approved by the commission."**

17 Page 21, line 7, strike "associated".

18 Page 21, line 39, strike "associated".

19 Page 22, line 5, strike "associated".

20 Page 22, line 23, strike "principal" and insert "**managing**".

21 Page 22, line 34, after "principal" insert "**managing**".

22 Page 22, line 36, strike "salesperson" and insert "**broker**".

23 Page 23, between lines 4 and 5, begin a new paragraph and insert:

24 "SECTION 24. IC 25-34.1-4.5 IS ADDED TO THE INDIANA
 25 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2012]:

27 **Chapter 4.5. License Transition**

28 **Sec. 1. After June 30, 2014, the board may not issue a new**
 29 **salesperson license under this article.**

30 **Sec. 2. An individual who holds a salesperson's license under**
 31 **this article may not, after June 30, 2014, sell, buy, trade, exchange,**
 32 **option, lease, rent, manage, list, or appraise real estate or negotiate**
 33 **or offer to perform any of those acts in Indiana or with respect to**
 34 **real estate situated in Indiana for consideration without a broker's**
 35 **license under this article. However, a salesperson whose license is**
 36 **in referral status (as defined in IC 25-34.1-3-10.5) may continue**
 37 **making referrals to a licensed broker.**

38 **Sec. 3. To obtain a brokers license, an individual holding a**
 39 **license as a salesperson on June 30, 2012, must:**

40 **(1) complete at least twenty-four (24) hours of education**
 41 **required under IC 25-34.1-5-5 to be licensed as a broker; and**

42 **(2) meet the requirements to be licensed as a broker under**

1 **IC 25-34.1-3-4.1.**

2 **Sec. 4. Notwithstanding any other law concerning education or**
 3 **continuing education for salespersons, a salesperson may obtain**
 4 **the twenty-four (24) hours of commission approved education**
 5 **required under section 3 of this chapter at any time after June 30,**
 6 **2012, and before July 1, 2014. The licensee must attest to the**
 7 **commission that the licensee has completed the additional**
 8 **twenty-four (24) hours of education.**

9 **Sec. 5. The commission shall issue a broker's license to a**
 10 **licensed salesperson who meets the requirements under sections 3**
 11 **and 4 of this chapter.**

12 **Sec. 6. For the period beginning July 1, 2012, and ending June**
 13 **30, 2014, notwithstanding any other law concerning continuing**
 14 **education, the twenty-four (24) hours of additional education**
 15 **required under section 3 of this chapter may be used to meet the**
 16 **continuing education requirement for a salesperson under**
 17 **IC 25-34.1-9-11.**

18 **Sec. 7. An individual who is a principal broker on June 30, 2014,**
 19 **becomes a managing broker on July 1, 2014.**

20 **Sec. 8. This chapter expires December 31, 2014."**

21 Page 24, between lines 12 and 13, begin a new paragraph and insert:

22 "SECTION 27. IC 25-34.1-5-12 IS ADDED TO THE INDIANA
 23 CODE AS A NEW SECTION TO READ AS FOLLOWS
 24 [EFFECTIVE JULY 1, 2014]: **Sec. 12. (a) The real estate education**
 25 **advisory council established by IC 25-34.1-9-2 shall make**
 26 **recommendations to the commission concerning the following:**

- 27 **(1) Requirements for sponsors of courses.**
 28 **(2) Requirements for instructors to be used by sponsors in**
 29 **providing courses.**
 30 **(3) Requirements for the curricula for education courses**
 31 **required under this chapter.**
 32 **(4) Rules to implement this chapter.**
 33 **(5) Other issues identified by the commission in implementing**
 34 **this chapter.**

35 **(b) The commission shall approve all prelicensing courses.**

36 **(c) The commission may, with the advice of the council, approve**
 37 **online education required for licensing under this article."**

38 Page 25, between lines 10 and 11, begin a new paragraph and insert:

39 "SECTION 30. IC 25-34.1-8-7.5, AS AMENDED BY P.L.77-2010,
 40 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2014]: **Sec. 7.5. (a) The investigative fund is established to**
 42 **provide funds for administering and enforcing the provisions of this**

1 article, including investigating and taking enforcement action against
 2 real estate fraud and real estate appraisal fraud. The fund shall be
 3 administered by the attorney general and the professional licensing
 4 agency.

5 (b) The expenses of administering the fund shall be paid from the
 6 money in the fund. The fund consists of:

7 (1) money from a fee imposed upon licensed or certified
 8 appraisers and real estate brokers ~~and salespersons~~ under
 9 IC 25-34.1-2-7 and IC 25-34.1-3-9.5;

10 (2) civil penalties deposited in the fund under IC 24-5-23.5-9(d);

11 (3) registration fees imposed on appraisal management companies
 12 under IC 25-34.1-11-15; and

13 (4) civil penalties deposited under IC 25-34.1-11-17.

14 (c) The treasurer of state shall invest the money in the fund not
 15 currently needed to meet the obligations of the fund in the same
 16 manner as other public money may be invested.

17 (d) Except as otherwise provided in this subsection, money in the
 18 fund at the end of a state fiscal year does not revert to the state general
 19 fund. If the total amount in the investigative fund exceeds seven
 20 hundred fifty thousand dollars (\$750,000) at the end of a state fiscal
 21 year after payment of all claims and expenses, the amount that exceeds
 22 seven hundred fifty thousand dollars (\$750,000) reverts to the state
 23 general fund.

24 (e) Money in the fund is continually appropriated for use by the
 25 attorney general and the licensing agency to administer and enforce the
 26 provisions of this article and to conduct investigations and take
 27 enforcement action against real estate and appraisal fraud under this
 28 article. The attorney general shall receive five dollars (\$5) of each fee
 29 collected under IC 25-34.1-2-7 and IC 25-34.1-3-9.5, and the licensing
 30 agency shall receive any amount that exceeds five dollars (\$5) of each
 31 fee collected under IC 25-34.1-2-7 and IC 25-34.1-3-9.5."

32 Page 25, line 12, strike "(a)".

33 Page 25, line 13, delete "selected" and insert "**recommended by**".

34 Page 25, line 14, delete "from members of".

35 Page 25, line 14, after "realtors" delete "," and insert "**and**".

36 Page 25, strike line 22.

37 Page 25, line 23, strike "geographic areas of Indiana."

38 Page 25, delete lines 25 through 42.

39 Page 26, delete lines 1 through 14.

40 Page 26, line 21, strike "in".

41 Page 26, line 21, delete "prelicensing" and insert "**postlicensing**".

42 Page 26, line 26, delete "IC 25-1-4-0.2," and insert "**IC 25-1-4,**".

- 1 Page 26, line 27, delete "prelicensing " and insert "**postlicensing**".
- 2 Page 26, line 35, strike "before the end of each".
- 3 Page 26, line 36, strike "renewal period." and insert "**each year.**".
- 4 Page 27, between lines 22 and 23, begin a new paragraph and insert:
- 5 "**(c) An individual who applies for a broker's license after July**
- 6 **1, 2014, must, during the first two (2) years after the license is**
- 7 **issued, take and pass at least thirty (30) hours of postlicensing**
- 8 **education focused on the practical matters of real estate**
- 9 **transactions instead of the continuing education requirements of**
- 10 **this chapter.**
- 11 **(d) For license renewal, a managing broker must complete at**
- 12 **least twelve (12) hours of continuing education each year. At least**
- 13 **four (4) hours of the continuing education must be dedicated to the**
- 14 **necessary business and management skills and legal knowledge**
- 15 **needed by a managing broker. The commission shall develop or**
- 16 **approve the continuing education courses for managing brokers."**
- 17 Page 27, line 25, delete "(a) Notwithstanding section".
- 18 Page 27, delete lines 26 through 28.
- 19 Page 27, line 29, delete "(b)" and insert "**(a)**".
- 20 Page 27, run in lines 25 through 29.
- 21 Page 27, line 30, delete "2012," and insert "**2013,**".
- 22 Page 27, line 30, delete "2013," and insert "**2014,**".
- 23 Page 27, line 31, delete "sixteen (16)" and insert "**eight (8)**".
- 24 Page 27, line 32, delete "each year." and insert ".".
- 25 Page 27, delete lines 33 through 36.
- 26 Page 27, line 37, delete "(d)" and insert "**(b)**".
- 27 Page 27, between lines 37 and 38, begin a new paragraph and insert:
- 28 "SECTION 35. IC 25-34.1-9-14 IS AMENDED TO READ AS
- 29 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. (a) The approval for
- 30 a sponsor for
- 31 ~~(1) a salesperson's course expires December 31 each~~
- 32 ~~odd-numbered year; and~~
- 33 ~~(2) a broker's course expires December 31 each even-numbered~~
- 34 ~~year.~~
- 35 (b) A sponsor must submit:
- 36 (1) a letter requesting renewal of approval; and
- 37 (2) the renewal fee;
- 38 at least thirty (30) days before a sponsor's approval expires."
- 39 Page 28, line 18, after "IC 25-34.1-3-10(d)" delete "." and insert
- 40 "**and applicable requirements under IC 25-34.1-3-10.5.**".
- 41 Page 28, between lines 22 and 23, begin a new paragraph and insert:
- 42 "SECTION 38. IC 25-34.1-10-7.5 IS REPEALED [EFFECTIVE

1 JULY 1, 2014]. Sec. 7.5: As used in this chapter, "managing broker"
 2 means a broker who manages a branch office or who acts on behalf of
 3 a principal broker.

4 SECTION 39. IC 25-34.1-10-7.8 IS REPEALED [EFFECTIVE
 5 JULY 1, 2014]. Sec. 7.8: As used in this chapter, "principal broker"
 6 means the individual broker (including the broker designated or
 7 representative of a partnership, corporation, or limited liability
 8 company) whom the Indiana real estate commission shall hold
 9 responsible for the actions of licensees who are affiliated with the
 10 individual broker."

11 Page 28, delete lines 23 through 33.

12 Page 29, line 9, strike "principal".

13 Page 29, line 10, reset in roman "managing".

14 Page 35, between lines 21 and 22, begin a new paragraph and insert:
 15 "SECTION 44. IC 32-28-12.5-2, AS ADDED BY P.L.78-2006,
 16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2014]: Sec. 2. As used in this chapter, "fees or commissions"
 18 means compensation owed to a ~~principal~~ **managing** broker for
 19 performing services requiring a license under IC 25-34.1-3-2."

20 Page 41, between lines 7 and 8, begin a new paragraph and insert:

21 "SECTION 52. IC 32-28-12.5-12, AS ADDED BY P.L.78-2006,
 22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2014]: Sec. 12. A notice of lien recorded under this chapter
 24 must:

25 (1) state:

26 (A) the name of the claimant;

27 (B) the name of the owner of the commercial real estate upon
 28 which the lien is claimed;

29 (C) a legal description of the commercial real estate upon
 30 which the lien is claimed;

31 (D) the amount for which the lien is claimed; and

32 (E) the license number of the ~~principal~~ **managing** broker's
 33 license under IC 25-34.1;

34 (2) contain a statement that the information contained in the
 35 notice is true and accurate to the knowledge of the signatory;

36 (3) be signed by the ~~principal~~ **managing** broker or by a person
 37 authorized to sign on behalf of the ~~principal~~ **managing** broker;

- 1 and
- 2 (4) be verified."
- 3 Renumber all SECTIONS consecutively.
 (Reference is to SB 275 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 9, Nays 0.

Senator Alting, Chairperson