



North Dakota Real Estate Commission
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Testimony in favor of Engrossed House Bill 1125 -- updates to real estate license law

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North Dakota Real Estate Commission

Senate Industry and Business Committee

Senator Jeff Barta, Chair

9:30 a.m., Monday, March 24, 2025

Good morning, Chairman Barta and members of the Senate Industry and Business Committee. I am Jeanne Prom, executive director of the North Dakota Real Estate Commission. The Governor-appointed five-member Commission, all of whom are real estate brokers, serves to protect the public by licensing and setting standards for real estate licensees through NDCC Chapter 43-23, the real estate license law. The Commission submitted this agency pre-filed bill with Representative Scott Louser as sponsor.

The N.D. Real Estate Commission urges a Do Pass recommendation on Engrossed House Bill 1125, which updates NDCC 43-23, the real estate license law.

Review of NDCC 43-23

The Commission, in their regular open meetings, with the N.D. Association of REALTORS® and others present, considered requests from licensees and staff to update license law. Engrossed HB 1125 is the result of this process.

The Commission proposes these updates to NDCC 43-23:

Section 1

Page 3, lines 6, and 8-12 – Clarifies language on referrals with in- and out-of- state licensees.

- 1) **Page 3, line 6** -- Adds the words “or refers a prospect.” A referral occurs when a licensee forwards a business prospect to another licensee, and both licensees agree to share the commission from the transaction. Current license law describes the practice without using the words “refer” or “referral.” Adding the phrase “...or refers a prospect,” in line 6, makes it clear that referrals require a license. This is not a law change but a clarification of current law.

The key to needing a license for referral is only when the person making the referral is compensated for the referral. People who are not licensed refer friends and family to licensees all the time and receive no compensation for the referral. No compensation means no license is needed.

(Continued on next page.)

Members of the North Dakota Real Estate Commission are: Scott Breidenbach, Chair; Sandra Meyer, Vice Chair; members: Steven Bitz, Steven Link, Tate Cymbaluk. Special Assistant Attorney General: David Phillips. Staff: Jeanne Prom, executive director.

- 2) **Page 3, lines 8-12** – Clarifies the law by adding into statute language already in administrative rule NDAC 70-02-03-03: “A licensed broker in this state may divide or share a real estate commission with a licensed broker in another state if the out-of-state broker does not carry on any of the negotiations in this state either by physically entering the state or by communicating with the broker electronically or through other means.” Adding the language into statute to reinforce what is already in current administrative rule makes clear how brokers can share compensation with out-of-state brokers.

On request of Representative Louser, the House added language in this section to clarify the negotiations were “**on behalf of the referred client or prospect.**” (lines 10-11) The Commission supports this additional language.

Section 2

- 3) **Page 4, lines 15, 17, 19-21** – Allows broker applicants to take the licensing examination before completing the pre-licensure course. The pre-licensure course still must be completed before an individual is licensed. This adds more flexibility for the applicant in scheduling the licensing exam and could help expedite the licensing process. The statute already allows for salesperson applicants to take the salesperson exam before completing the pre-licensure course.

Section 3

- 4) **Page 5, lines 7-8, 15-17, 19-20, 25-26** – Removes specific dates for license renewal to a timeframe “set by the commission.” This does not trigger any changes in renewal dates. Current administrative rules including NDAC 70-02-01-04 would need to be amended to change renewal dates. Having “dates set by the commission” language in statute means that if the Commission wanted to change renewal dates, they would not need to change the statute and the rules – only the rules would need changing.

Section 4

- 5) **Page 6, lines 1-4, 6, 10** – Removes references to “residential” real property to clarify that disclosure is required for wholesaling any real property.

Thank you, Chairman Barta and committee members for considering these updates to real estate license law, NDCC 43-23. Thanks to Representative Louser for sponsoring this legislation. The Commission also thanks the N.D. Association of REALTORS® and licensees for their input.

I am available for your questions now or at jeprom@nd.gov or 328.9737.