



North Dakota Association of REALTORS®

To advocate for the success of our members in partnership with our local Associations and the National Association of REALTORS®

**TESTIMONY IN FAVOR OF HB 1258**  
**January 19, 2020**  
**HOUSE INDUSTRY, BUSINESS AND LABOR**

Chairman Lefor and Members of the House Industry, Business and Labor Committee, for the record my name is Jill Beck and I represent the North Dakota Association of REALTORS® (NDAR).

The North Dakota Association of REALTORS® represents more than 2,100 REALTORS® and more than 250 Business Partner members.

NDAR worked closely in reviewing the real estate license law as well as rules and regs of real estate with the North Dakota Real Estate Commission. For clarification the North Dakota Real Estate Commission is the state licensing authority and the North Dakota Association of REALTORS® is the member organization. Those that belong to our organization are bound by a Code of Ethics and can use the term REALTOR® vs. the generic real estate licensee.

While the majority of the bill deals with clean-up and modernization of language that Miss Prom covered, I would like to touch on the last part of the bill that requests repeal of Chapter 43-23.4 REAL ESTATE BROKER TRUST ACCOUNTS. This section was created in 1991 and was modeled after the interest on Lawyers Trust Accounts.

While this falls under license law which is under the jurisdiction of the North Dakota Real Estate Commission, the North Dakota Association of REALTORS was asked to manage the program at the onset. The program requires that the real estate brokers trust accounts be interest bearing (there are room for exemptions) and this money is then used to grant money to 501(c)3 organizations.

In the early years, when interest rates were higher (10+%) the program was earning \$30,000 to \$40,000 a year in interest payments and granting money to tax exempt public organizations of similar amounts. By law the RETA Committee, by grants and appropriations it determines appropriate, shall disburse funds solely for:

- A) Providing housing and shelter to the homeless and poor.
- B) Providing public education relating to needs of housing for the poor
- C) Improving available safe and decent housing

Due to several factors the interest being remitted from brokers trust accounts by banks is now very nominal. The number one factor of course is low interest rates – most banks are at less than 1% with majority half of that or less and also in the last five to ten years more brokers are having the title companies hold their earnest money and there is no interest earned on those accounts.



The following graphics and charts will give some history of RETA program and why we are asking for the repeal of the program. These were reviewed during our discussions on how to move forward with this program.

As you can see from Chart A the proceeds after paying expenses, which include a minimal management fee from the ND REALTORS that doesn't even cover our time and resources, there is very little remaining to pay out in grants.

Chart A:

<b>RETA Profit/Loss</b>			
<b>Year</b>	<b>Income</b>	<b>Expenses</b>	<b>Net Income</b>
2020	\$ 5,833.24	\$ 5,012.01	\$ 821.23
2019	\$ 7,413.26	\$ 5,505.99	\$ 1,907.27
2018	\$ 5,625.23	\$ 5,012.00	\$ 613.23
2017	\$ 2,917.98	\$ 5,030.00	\$ (2,112.02)
2016	\$ 3,441.56	\$ 5,000.00	\$ (1,558.44)
2015	\$ 3,673.23	\$ 5,000.00	\$ (1,326.77)
2014	\$ 5,161.01	\$ 5,006.00	\$ 155.01
2013	\$ 5,346.51	\$ 5,006.00	\$ 340.51
2012	\$ 9,787.87	\$ 5,030.00	\$ 4,757.87
2011	\$ 5,026.60	\$ 5,024.00	\$ 2.60
2010	\$ 5,056.44	\$ 5,030.00	\$ 26.44
2009	\$ 6,541.08	\$ 4,994.43	\$ 1,546.65
2008	\$ 16,090.48	\$ 5,000.00	\$ 11,090.48
2007	\$ 16,642.60	\$ 22,198.49	\$ (5,555.89)
2006	\$ 13,863.95	\$ 7,006.00	\$ 6,857.95

15 years = \$ 17,566.12

Chart B shows the amount of checks we receive and I can attest that we get many that are ten cents or below from banks. Sixty percent of the checks we deposited in 2020 were less than a \$1.00. Remember that most banks have more than one brokers trust account at their institution so these checks are for more than one account and we receive checks as well as bank transfers for less than five cents. By eliminating the program there will be time and cost savings to banks, the management of the program by us as well as the North Dakota Real Estate Commission who

reviews this as part of the audits they do of brokers. As long as there were grants being paid out it overshadowed the work being put into managing the program.

Chart B:

<b>RETA Account Deposits/Checks</b>	
Less than \$1	492
Total	814
	60%
Less than \$2	561
Total	814
	69%
Less than \$5	621
Total	814
	76%
Less than \$10	691
Total	814
	85%

Over the years we have awarded grants in the amount of \$223,285 with the last grant awarded ten years ago in 2010.

43-23.4-05 covers how funds will be distributed upon dissolution of the RETA program. Currently there is approximately \$39,000 of funds in the RETA program.

I ask for your support for HB 1258 and would be happy to answer any questions you may have now or my contact info is below as well.

**Jill Beck, CEO**  
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