



# What HB 3137 Means for Your Brokerage

## WHAT TOOLS AND RESOURCES ARE AVAILABLE TO HELP ME COMPLY WITH HB 3137?

In addition to this FAQ, Oregon REALTORS® has updated its [Model Office Policy Guide for Managing Principal Brokers \(MPBs\)](#). We also recorded a webinar in [September](#) and a forum in [December](#). The slides from the December forum are available online. The Oregon Real Estate Agency has resources on its website, including [a new page dedicated to teams](#), helpful Oregon Real Estate News Journal articles in [September 2025](#) and [December 2025](#), and [a page with the final HB 3137 rules](#) and rulemaking-related information. [Oregon REALTORS®](#) and [OREF](#) have each updated their forms libraries with the new team disclosure form, and [OREA](#) has a PDF and Word version available.

While not specific to Oregon law, the National Association of REALTORS® also has [many resources available](#) for creating office policies.

The text of HB 3137 is [available](#), as passed by the legislature, although we recommend reading the [version that passed the House](#). It is substantively the same, but much easier to read.

## WHAT ARE THE SUPERVISORY DUTIES OF MANAGING PRINCIPAL BROKERS UNDER HB 3137?

MPBs are responsible for the establishment and enforcement of written policies, procedures, and systems to:

- Review and manage professional real estate activities of brokers;
- Review and manage usage of disclosure forms and contracts;
- Manage document filing/storage;
- Manage handling of trust funds;
- Manage usage of unlicensed assistants by associated brokers;
- Educate associated brokers on federal, state, and local laws relating to the practice of real estate;
- Review and inspect documents that may have a material effect on the rights or obligations of a party to a transaction;
- Ensure all licensees associated with the managing PB hold active real estate licenses before conducting professional real estate activity.

MPBs must also establish a system for monitoring compliance of brokers with statutes, rules, and brokerage policies, procedures, and systems. Supervision in this context does not mean the MPB must be personally involved in all professional real estate activities of associated brokers, but rather that the MPB must have rules in place that ensure the associated brokers comply with the law.

## **WHAT HAS CHANGED REGARDING WRITTEN SUPERVISORY AGREEMENTS UNDER HB 3137?**

Written supervisory agreements are agreements that allocate supervision responsibility among multiple principal brokers within a firm.

Prior to HB 3137, written supervisory agreements were needed any time there were multiple principal real estate brokers associated with the same Registered Business Name (RBN), regardless of whether those principal brokers were supervising activities of other brokers in the office. Under HB 3137, they are needed only when there are multiple principal brokers who actively supervise professional real estate activity under the RBN.

Previously, the default was that all PBs at the firm shared equal responsibility for brokers who were not covered by a written supervisory agreement. Under HB 3137, the default supervisor is the MPB.

Under HB 3137, the written supervisory agreement must explicitly state that the responsibility of the MPB for all professional real estate activity at the firm cannot be limited by the agreement. The MPB can delegate tasks to other PBs in the office with written supervisory agreements (e.g., another broker in the office can be tasked with doing document review or with ensuring brokers are educated on federal, state, and local laws), but the responsibility for all errors and failures of management will apply to the MPB.

The written supervisory agreement must also contain a succession plan that addresses where the MPB becomes deceased, incapacitated, inactive, expired, or leaves the firm. Finally, the supervision agreement with all other principal brokers must be updated if another principal broker at the firm takes on new supervisory responsibilities.

Principal brokers with supervisory responsibilities under a written supervision agreement are now called authorized principal brokers within the administrative rules.

## **DO MANAGING PRINCIPAL BROKERS RETAIN RESPONSIBILITY FOR THE PROFESSIONAL REAL ESTATE ACTIVITY OF THE FIRM EVEN IF A WRITTEN SUPERVISION AGREEMENT IS IN PLACE?**

MPBs retain ultimate responsibility for the professional real estate activities of associated real estate licensees, even if supervisory responsibility has been allocated to another principal broker under a written supervision agreement. It's helpful to think of the MPB as the "CEO" of the firm. Even though the firm has other managers that are accountable for supervising, the buck still stops with the CEO, or in this case, the MPB. In fact there is a new provision of ORS 696.301 (the law giving the Real Estate Commissioner authority to suspend or revoke the real estate license of any real estate licensee, reprimand any real estate licensee or deny the issuance or renewal of a license) applicable to managing principal brokers allows the Real Estate Commissioner to punish MPBs when there is "(failure) to exercise reasonable supervision and control over the activities of associated real estate licensees."

Remember, though, the definition of supervision above. Reasonable supervision isn't maintaining direct control over everything that happens at the firm. Reasonable supervision is "the establishment and enforcement of written policies, procedures, and systems" addressing the items included in the definition of supervision as well as "a system for monitoring compliance" with them.

## **WHAT WILL BE DIFFERENT FOR TEAMS UNDER HB 3137?**

The biggest difference is that team members will now be required to provide a disclosure at first contact with (i) a prospective party to a real property transaction or (ii) an unrepresented party seeking representation during the course of a real property transaction. A disclosure form is available [from OREA](#) and is also available in the [Oregon REALTORS®](#) and [OREF forms libraries](#). The disclosure includes the team name, RBN name, names of team members, roles of team members, and license status of the team members, the managing principal broker's name, and the names of any team members operating in a supervisory capacity (with a written supervision agreement). The disclosure also informs the recipient that a disclosed limited agency agreement is required if any team members represent both buyer and seller in a transaction, or if any team members represent multiple buyers seeking the same property.

There are also some things that were always implied in the law, but are now made explicit. Such as: (i) Team leaders who are supervising any professional real estate activities of their team must be principal brokers, and must have written supervision agreements with their managing principal broker; and (ii) Teams are not allowed to advertise in a way that implies that the team is a business entity separate from the brokerage.

The law also prohibits the use of the terms “realty” and “real estate” in team names to avoid confusion that the team is a separate business. However, the Real Estate Commissioner has stated that he will not enforce this provision until after the end of the 2026 legislative session (March 9), in case the legislature makes changes to this provision.

## **WHAT WILL CHANGE REGARDING CONTINUING EDUCATION REQUIREMENTS UNDER HB 3137?**

All real estate licensees will now be required to take two hours of law and rule required course (LARRC) and two hours of fair housing per renewal period. Previously, this was a combined three hours. The new requirement will ensure that all licensees receive an equal amount of time with LARRC and fair housing. It also aligns with the NAR fair housing requirement, meaning licensees will not have to take additional fair housing hours to meet the NAR renewal requirement.

For licensees renewing for the first time, the Advanced Practices course will be revamped to include an assessment of licensee proficiency. This requirement applies to brokers, principal brokers, and property managers renewing for the first time.

## **WHAT IS THE ASSESSMENT OF LICENSEE PROFICIENCY FOR BROKER FIRST RENEWAL?**

The assessment of licensee proficiency will be part of the Broker Advanced Practices course, which was already required for the first renewal of a broker license. The changes include the addition of three new topics: negotiations, effective communications with clients and other licensees, and real estate contracts. Additionally, instead of a specified number of hours for each topic, the rule now sets out a minimum of 1 hour for each topic, providing more flexibility for the instructor to design the course. The total number of course hours is 26 (previously it was 27) to account for the fact that licensees need a total of 30 hours to renew, and the LARRC and fair housing are now four hours total instead of three.

To assess licensee proficiency, by July 1, 2026, the 60-question exam at the end of the course will include one or more case studies or hypothetical scenarios involving a real estate transaction and require the real estate broker to demonstrate the ability to:

- (a) Identify and address issues that present risks to the client;
- (b) Select appropriate contract provisions and terms that reflect the client's objectives; and
- (c) Identify effective communication protocols with the client and other licensees involved in the transaction.

Brokers must score at least 75% on the exam, which is unchanged under HB 3137.

## **WHAT IS THE ASSESSMENT OF LICENSEE PROFICIENCY FOR PRINCIPAL BROKER FIRST RENEWAL?**

The assessment of licensee proficiency will be part of the Principal Broker Advanced Practices course. The course topics remain unchanged. Instead of a specified number of hours for each topic, the rule now sets out a minimum of 1 hour for each topic, providing more flexibility for the instructor to design the course. The total number of course hours is 26 (previously it was 27) to account for the fact that licensees need a total of 30 hours to renew, and the LARRC and fair housing are now four hours total instead of three.

Starting July 1, 2026, the assessment of license proficiency must present one or more case studies or hypothetical scenarios involving a real estate transaction including an authorized principal broker, one or more brokers under the supervision of that authorized principal broker, examples of harm to a client or consumer of real estate services, and examples of conflict between a buyer and seller or their agents. The principal broker will be required to demonstrate (by receiving a score of 60% on an exam of 75 questions)

- (a) Issues that present harm or risks of harm to the client or consumer;
- (b) Office policies that could have prevented the harm or mitigated the risk of harm to the clients or consumers;
- (c) Supervision and training protocols that could have prevented the harm or mitigated the risk of harm to the clients or consumers;
- (d) Effective communication and conflict resolution strategies; and
- (e) Conduct that meets or exceeds the standard of care and conduct that falls below the standard of care for real estate licensees in Oregon.

## **WHAT IS THE ASSESSMENT OF LICENSEE PROFICIENCY FOR PROPERTY MANAGER FIRST RENEWAL?**

The assessment of licensee proficiency will be part of the Property Manager Practices course. The total number of course hours is 26 (previously it was 27) to account for the fact that licensees need a total of 30 hours to renew, and the LARRC and fair housing are now four hours total instead of three. The updated topics list and hours requirement [can be found online](#). At the end of the course, property managers must pass an exam containing 60 questions with a score of 75%.

Beginning July 1, 2026, the exam will include an assessment of licensee proficiency that includes one or more case studies or hypothetical scenarios involving the management of rental real estate. The assessment will measure the real estate property manager's ability to:

- (a) Identify and apply to the requirements for maintaining client trust accounts;
- (b) Recognize the accounting distinctions between single and multiple owner accounts;
- (c) Recognize the accounting distinctions between single and pooled security deposit accounts;
- (d) Evaluate monthly reconciliations and identify appropriate steps to resolve discrepancies; and
- (e) Recognize the supervisory responsibilities of a property manager, including when a written delegation of authority is needed and what information is required in a written delegation of authority.

**MY TEAM CONTRACTS WITH A LICENSED TRANSACTION COORDINATOR WHO IS LICENSED WITH ANOTHER FIRM. THE TC DOES NOT PERFORM PROFESSIONAL REAL ESTATE ACTIVITY FOR MY TEAM. SHOULD THE LICENSED TC BE INCLUDED ON THE TEAM DISCLOSURE?**

The issue of licensed transaction coordinators who work for different firms is a grey area, and there are no laws and regulations specifically addressing it. Specifically, as it relates to team disclosure, a team is part of a single brokerage, so it is not clear if the licensed TC would be considered a team member. The team disclosure also does not have a place to indicate that the TC is licensed with a different firm, so including them on the disclosure and marking them as "licensed" without additional information could mislead the consumer to believe they were licensed with the same firm as the other team members. Nevertheless, they will be playing a significant role with the client and should be disclosed.

Our recommendation would be to disclose the identity of any licensed TCs that are licensed with separate firms, what role they will be playing in the transaction, which firm they are licensed with, and to inform the client that the licensed TC may not perform any activities constituting professional real estate activity for the client. Because the team disclosure form does not have fields for all this information, this disclosure could be made separately, or the Word version of the team disclosure [available from OREA](#) could be modified to allow for this additional information.