



Real Estate Licensee Update

Christine Gregoire, Governor
Volume 1, Issue 1

Elizabeth Luce, Director
Spring 2008

License Law Revised by Legislature

The Real Estate License Law (RCW18.85) was revised by the 2008 session of the Washington Legislature and signed into law by Governor Christine Gregoire on March 14. This Q&A answers some initial questions. More detail will be presented in the next Update, and on the DOL ListServ.

When does the new law go into effect?

The new license law becomes effective July 1, 2010. The delay was needed to allow for extensive rule and course development for the newly prescribed pre-license and post-license courses.

What happens to current licenses?

- A salesperson license will continue in effect, but will be considered a broker license
- An associate broker, branch manager and designated/individual broker license will continue in effect, but will be considered a managing broker license
- All current licensees are required to take a transition course which will be approved for continuing education. The course content and length of the course will be determined by rule adopted by the Real Estate Commission and the department
- New licenses will be issued at the time of the licensee's first renewal after July 1, 2010, provided the transition course has been taken

What will be required to become a new broker?

- Must be at least 18 years of age
- High school diploma or equivalent
- 90 hours of pre-license education completed within 2 years of taking the examination including:
 - Real Estate Fundamentals
 - Real Estate Practices
- Pass the real estate broker licensing examination
- Complete a fingerprint background check through Washington State Patrol and the FBI
- May only be licensed to one firm

What will be required to become a new managing broker?

- Must be at least 18 years of age
- High school diploma or equivalent
- 3 years full-time experience as a real estate broker within last 5 years

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Inaugural Issue!

The real estate program of the Department of Licensing (DOL) is pleased to introduce the inaugural issue of Real Estate Licensee Update. This semi-annual publication is being produced to meet a need for information and knowledge exchange expressed by the Real Estate Commission in 2007.

The purpose of this newsletter is to provide articles, commentaries, disciplinary actions, and reports on industry trends for real estate licensees in Washington. This and subsequent issues in 2008 will test the effectiveness of a printed publication; it may transition into Listserv® email messages or PDF postings on the DOL website, depending on need, funds, and licensee responses. We invite you to send your comments, suggestions, and story ideas to realestate@dol.wa.gov, or phone 360-664-6526. ■

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Administrative services are provided to the commission by the Department of Licensing. The Department and the commission have a policy of providing equal access to their services. If you need special accommodation, please call 360-664-6526 or TTY 360-664-8885.

Commissioner Corner

The newest real estate commissioner is Dan R. Murphy of Seattle. Governor Christine Gregoire appointed Dan to serve on the Washington Real Estate Commission as of August 27, 2007. His term will expire on August 14, 2013.

Dan Murphy has been with the real estate industry since 1989. In 1996 he joined Windermere Real Estate Fautleroy, Inc. in Seattle as a sales associate and is currently an associate broker. His management background and extensive volunteer leadership in the local, state, and national REALTOR® organizations has made him well versed in real estate issues, licensing laws, and government regulations relating to real estate matters. Here are Dan's initial thoughts about becoming a Commissioner:

“ I feel very honored to have been chosen by Governor Christine Gregoire to serve in this important role on the Commission, and help provide consumer protection to the citizens of Washington State through the regulation of real estate licensees.

Working together with the other Commissioners, the Department of Licensing, the Governor, and the Legislature, I look forward to promoting and enhancing the ethical standards and business practices of all licensees. I believe that education is the primary element to achieving this goal. Concern for protection of the public must always be at the forefront of our practice.

My background of eighteen years of real-world experience as an agent, coupled with my years as the designated broker of a fifty-person real estate office, has provided me with a deep understanding of the needs and challenges of both the practitioner in the field and those of the broker-owner. Being new to the Commission, I will start by listening. The real estate profession is facing many important issues right now; among them are the evolution of business practices, alternative business models, and changes in education such as distance learning. I am looking forward to appointment to either the Changing Business Practices or Education Sub-Committees. ”

—Dan R. Murphy, Commissioner



The Real Estate Licensee Update is produced semi-annually.

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“License Law” continued from cover

- 90 hours of pre-license education completed within 3 years of taking the managing broker examination including:
 - Real estate brokerage management
 - Business management
 - Advanced real estate law
- Pass the managing broker licensing examination
- May only be licensed to one firm

What is required to be a designated broker?

- Must be licensed as a managing broker
- May act as a designated broker for more than one firm

Are there other significant changes?

Firms will have the option to use one or more assumed names in the conduct and operation of the firm's real estate business.

The definition of “business opportunity” has been clarified to be consistent with the department's interpretation. A real estate license is required only if the business opportunity includes an interest in real property. ■

Washington Residential Real Property Transfer Disclosure Act Changed

RCW 64.06 (Residential real properties – seller’s disclosures) changed effective July 22, 2007. Sellers of undeveloped land intended for residential use were added to the list of sellers now legally required to submit a seller disclosure statement. This ensures that the buyer is properly informed about whether the property presents health or safety concerns; is suitable for the residential development; and whether the buyer understands any necessary clean-up costs.

The changes came into effect after legislature found that some residential purchasers have been financially ruined and/or had their health jeopardized by the presence of toxic materials buried or hidden on their property. Occasionally the seller knew of the hazard.

In order to provide for transparency in residential transactions, there are no legal exemptions to this disclosure. If the *buyer* intends to develop the land for residential use, the seller must submit a property disclosure form for review by the buyer, giving him/her a three business day rescission period.

This stipulation applies to “improved and unimproved residential real property.” “Unimproved residential real property is property zoned for residential use that is not improved by residential dwelling units, a residential condominium, a residential timeshare, or a mobile or manufactured home” [64.06.005(4) RCW].

If the seller answers yes to any questions in the “Environmental” section of the disclosure statement, the buyer may not waive the receipt of the seller’s disclosure statement.

It is the *seller’s* responsibility to properly complete the disclosure form for the buyer’s review and acceptance. If possible, the seller’s agent should examine the form to ensure that it is sufficiently completed prior to taking the listing. This helps the licensee and other parties involved in a real estate transaction in several ways.

- If the agent assists the seller to complete the disclosure, the seller will better understand the positive and negative aspects of the property. However, the licensee should *not* fill out the form for the seller.
- Forms that are adequately and honestly completed will diminish the chances of any disputes or lawsuits after the transaction has concluded.

- Sometimes a prospective buyer may ask a seller’s agent to see the disclosure form before making an offer on a property. Having the form accessible will save time for both parties and significantly ease the process of closing the transaction.

A brief summary of the changes on the seller’s disclosure form:

- “Unimproved property” is now subject to the law
- There is a new question as to whether there is “a private road or easement agreement for access to the property”
- There are new questions regarding household water systems (specifically regarding any water rights concerning the domestic water supply)
- There is a new section titled “Environmental” replacing the “General” section. If any questions to this section are to be answered “yes”, the disclosure cannot be waived. If the seller has disclosed that a condition exists, he or she may be required to attach an explanation in certain cases.

“ The seller must pay close attention if the buyer has waived the right to receive the seller’s disclosure statement ”

Detailed property disclosures are still required from:

- Real property improved by one to four dwelling units (including new construction)
- Residential condominiums
- Residential timeshares
- Mobile or manufactured homes

Separate forms have been specified for unimproved and improved residential properties. The following table summarizes the topics included on each form:

	Unimproved	Improved
1. Title	X	X
2. Water	X	X
3. Sewer/Septic	X	X
4. Electrical/Gas	X	
5. Flooding	X	
6. Soil Stability	X	
7. Environmental	X	X
8. Homeowner’s Association	X	X
9. Other Facts	X	
10. Full Disclosure	X	X
11. Structural		X
12. Systems/Fixtures		X
13. Mobile/Manufactured		X

Precise language of the disclosure questions for each form are included in the RCW. ■

Keep current on Department of Licensing interpretations, meeting and regulations by signing up for the ListServ® at listserv.wa.gov/cgi-bin/wa?A0=REAL-ESTATE.

Online Real Estate License Renewal Simplified

If it is nearing the time for you to renew your real estate salesperson or broker license, you might be happy to learn that there is now an easy online option. The process is simple:

- Head to the real estate license page at the DOL at www.dol.wa.gov/business/reaalestate/.
- Go to either the Broker or Salesperson license link, and then to the Renewing a License link.
- Choose the Professional License Renewal and then enter the required information.

You will be asked to enter a password that is provided in your renewal notice, so make sure to save that document

when you receive it! With an active license, you will also be asked to enter your continuing education information. Currently, the online renewal only accepts Visa® or MasterCard®.

Remember these requirements for your continuing education:

- An actively licensed salesperson or broker is required to complete 30 hours of approved real estate education.
- An active salesperson renewing for the first time must complete a 30-hour course in real estate practices in addition to the 30 hours of elective continuing education, for a total of 60 hours.

- Renewing an active license requires 3 hours of prescribed core curriculum. Those courses are identified with a “C” and should be identified with a 13-digit course number. This can be either part of, or in addition to, the 30 hours of elective continuing education.

If you are using continuing education courses that do not have DOL course numbers you cannot use them to renew online.

The fee for renewal is \$146.25 and if late \$26.50 is added to the fee. The broker renewal fee is \$210.00 and if late \$26.50 is added to the fee. ■

Washington Center for Real Estate Research Helps You Serve Consumers

The Washington Center for Real Estate Research at Washington State University, has worked since 1989 to serve the educational and research needs of the professional real estate community, the general public and policy makers in Washington State.

Although WCRER staff uses statistical methods involving confusing equations and foreign symbols when conducting research, final products are designed to be read and used by persons who do not have research backgrounds.

Home sales statistics, apartment vacancy surveys and housing affordability analyses are the most visible outputs of the Center, but there are many other research projects underway most of the time. Studies of the backgrounds and experiences of real estate licensees help the Department of Licensing modify their systems to suit the needs of an evolving industry. Studies of experiences of recent buyers and sellers of homes help identify potential areas requiring regulation. Studies of public policies affecting real estate help ensure potential impacts on the industry factor into legislation or regulations. Many of those studies have dealt with the impacts of the Washington Growth Management Act. All of these research projects are designed to help licensees better and more professionally serve your clients and customers.

WCRER also offers online versions of brochures which were originally presented in print form. Brochure topics include:

- Consumer Guide to Real Estate Practices in Washington (explaining agency relationships)
- Residential Seller Property Disclosure in Washington
- Licensing Requirements for Real Estate Salespersons and Brokers in Washington.

The Consumer Guide and Disclosure brochures are available in Spanish, Chinese, Japanese, Russian and Korean, as well as English. To find the brochures online, click on Resources at the WCRER home page at www.wcrer.wsu.edu.

WCRER supplements this funding with separate contracts which reinforce the primary objectives. For example, the Center has engaged in

frequent projects funded by the Washington State Housing Finance Commission and the Department of Community, Trade and Economic Development to improve understanding of housing needs for lower income households throughout the state. Serving the needs of this lowest rung of the housing ladder improves the overall efficiency of the housing market.

Primary funding for WCRER is derived from the \$10 real estate research fee assessed on each new/renewal real estate licence. ■

Questions for basic information about real estate market conditions or related topics can be sent to wcrer@wsu.edu. WCRER also offers a toll-free phone to real estate licensees: (800) 835-9683. WCRER cannot respond to legal inquiries.



Mortgage Licensing Requirements

It is no longer news that there were problems with loan practices and easy credit during the housing boom of the last few years. Many experts have laid the blame for the housing market decline on the lack of due diligence in approving mortgage loans. Furthermore, homebuyers were not properly matched to a long-term affordable mortgage, and many were enticed with adjustable rate mortgages (in the form of interest only specials, teaser rates, etc.) in order to afford the rapidly rising cost of living in desirable neighborhoods.

For many homebuyers, interest rates and/or payment terms on their risky loans adjusted, increasing their monthly mortgage payments. Some owners found that they could not afford the

new payments, and that there was not enough equity in their property to refinance the mortgage with more reasonable terms.

This, according to experts, has led to a surge in foreclosures in many markets, a downturn in home sales and prices and financial institutions reporting an abysmal fiscal performance. Mortgage backed securities (or MBS's) are no longer popular investments, especially after banks, insurance companies and other institutional investors have reported significant losses or bankruptcy over the last year. This has led to a tightening of credit, and further cooling of the housing markets.

The Washington Department of Financial Institutions has licensed and regulated Mortgage Brokers (Mortgage Companies) since 1993. The Legislature recognized the need for consumer protection and enacted Loan Originator (the agent) licensing and regulation in 2007. You need to understand these new requirements and how your daily business as a real estate licensee may be affected by them.

“ As a real estate licensee, you can provide a valuable service by helping a buyer identify a licensed and respected mortgage broker who will make certain a mortgagee is properly matched to an affordable loan. ”

In order to successfully become a first-time loan originator in Washington an applicant must complete an application (either on-line or by mail) and take a test. This is to ensure that loan originator licensees are held to high ethical and performance standards. The test is reportedly harder than many had expected.

Also, Washington mortgage broker applicants must file for surety bond coverage. This bond coverage is meant to ensure the credibility of the mortgage broker. It also provides a guarantee that the broker will abide by any provisions set forth by the Department of Financial Institutions and be held accountable for any damages created from a violation of the

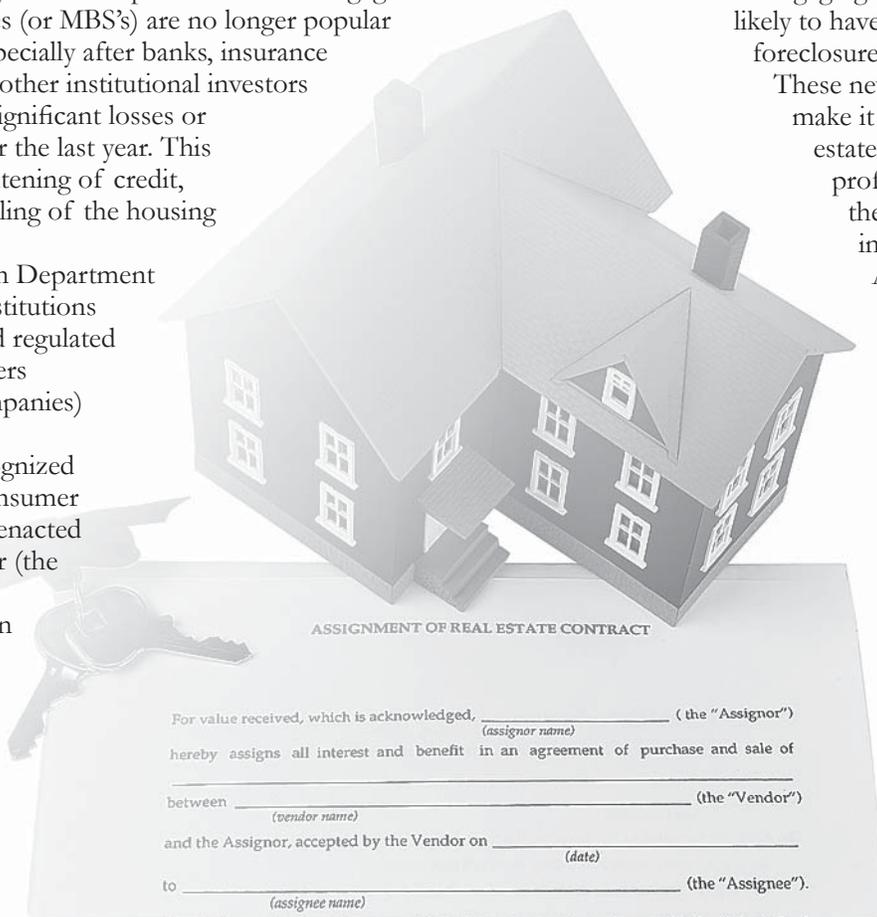
mortgage brokers act.

As a real estate licensee, you can provide a valuable service by helping a buyer identify a licensed and respected

mortgage broker who will make certain a mortgagee is properly matched to an appropriate loan. With accurate advice on mortgaging a property, your client will be less likely to have to deal with the hardships of foreclosure.

These new requirements will hopefully make it easier for those in the real estate profession to understand the professionalism that is expected in the mortgage banking/brokering industry in Washington.

As the Washington State Department of Financial Institutions notes when addressing new applicants, “Often consumers’ money is in your hands. Attention to detail and the law is a requirement for licensees and it starts with the licensing application.” Working for your client’s best interest should be your ultimate goal. If provided an opportunity to receive good sound financial advice when buying a property, a homebuyer will have been well served by their professional real estate community. ■



Does My Assistant Need a License?

It can get confusing when you are deciding whether or not you need a licensee to assist you. You might even get into a lot of trouble if your assistant makes a mistake when showing a house, talking to a client or performing any other business duty if he/she does not carry a real estate license in Washington State.

Here is a list of what unlicensed employees can and cannot do under guidelines adopted by the Washington Real Estate Commission:

Unlicensed Employees Can:

- Provide information about the characteristics of the real estate or the terms of a transaction—as written and approved by a real estate licensee
- Pick up or deliver documents and keys (basically act as a courier)
- Follow up on loan commitments and pick up or deliver the loan documents after a contract has been negotiated
- Write and place advertising
- Gather market analysis information
- Perform normal clerical duties (typing, phone screening, appointment scheduling etc.)
- Transport people to properties and/or around areas of interest but may not show, answer any questions or interpret information regarding property, price or condition
- Obtain any public information (from government offices, utility companies, title companies etc.)
- Make keys, install lock boxes and place signs on the property
- Greet people at an open house, as well as distribute pre-printed media material and help provide security
- Submit forms and/or any changes to a MLS as well as check the progress on loans and credit reports etc.
- Collect rents and compute commission checks
- Record and deposit earnest money and security deposits
- Order or perform items of repair or maintenance

Unlicensed Employees Cannot:

- Engage in any activity that is meant to acquire prospective clients, (including telemarketing and telephone canvassing)
- Show any properties or answer any questions about a property, its condition or its price
- Interpret any information about listings, titles, financing, contracts, closings or other information relating to a transaction
- Fill out any legal documents
- Negotiate any price or terms of a contract



Core Courses

Many real estate licensees submit their continuing education information for renewal of their licenses, then are surprised that the 30 hours they submitted aren't adequate. Most frequently they are told that the hours submitted did not include the 3-hour core curriculum. There are two sources of confusion.

First, the core curriculum is required during *each* 2-year renewal cycle. Many licensees think they only needed the curriculum once, but this is not true. The "prescribed core curriculum" ensures that real estate licensees are up to date on current issues within the real estate market and current real estate business practices. This includes

law changes and updates. Topics often included in the core course are environmental and agency issues, fair housing, and law updates. In order to ensure that core courses remain fresh and pertinent, the Washington Real Estate Commission modifies required course content every two years.

The other primary confusion relates to the requirement that REALTORS® must update their ethics certification every four years to maintain their Association membership. This is a requirement of the trade association, not the Department of Licensing. Since the ethics courses have been approved by the Department for continuing education, they may be included as part

of the elective continuing education, but cannot replace the core class.

Many educational providers offer this 3-hour course. Core classes are offered in live lecture and online formats accommodating your schedule and preferred delivery method. You can find out more information about schools that offer these core classes at www.dol.wa.gov/business/realstate/recat.pdf. If you are looking for courses available in your local area, make sure to visit www.wcrer.wsu.edu. Follow the Continuing Education link and select "Core" under the topic section (not all courses have been submitted to the database by providers). ■

Disciplinary Actions



Ricky Lynn Ballard, Bellingham

Action: 60-day suspension of Salesperson License
\$5,000 fine

During the course of an audit licensing law violations were found including unlicensed activity involving five individuals; aiding and abetting unlicensed activity.

June 2007 Agreed Order

Erin Storey, Federal Way

Action: Five year revocation of Salesperson License
Respondent entered a plea of guilty to unlawful possession of a controlled substance with intent to deliver and unlawful possession of a firearm in the second degree.

July 2007 Default Order

Gary Wilson, Bellevue

Action: Five year suspension of Broker License
Respondent fabricated invoices and embezzled funds associated with a property management contract; further he perjured himself under oath, inter alia, blaming an employee for the fabrication and embezzlement.

July 2007 Agreed Order

Colleen Ancel, Spokane Valley

Action: 30-day suspension of Salesperson License
\$1,000 fine

Respondent and her husband, Raymond Ancel, listed and sold their own home. They failed to disclose a boundary survey project that adversely affected the property.

August 2007 Agreed Order

Raymond Ancel, Spokane Valley

Action: 30-day suspension of Salesperson License
\$1,000 fine

Respondent and his wife, Colleen Ancel, listed and sold their own home. They failed to disclose a boundary survey project that adversely affected the property.

August 2007 Agreed Order

Sue Allison Linnabary, Seattle

Action: Two year revocation of Broker License
Respondent maintained three trust accounts which were out of balance and reflected shortages; earnest monies had not been deposited in a timely manner and adequate supervision of staff was not exercised.

September 2007 Agreed Order

Tom White, Lakewood

Action: One month suspension of Broker License
\$5,000 fine

During the course of an audit, it was discovered that the Respondent engaged in property management services prior to being properly licensed; he failed to produce requested reconciliations and other documents; failed to designate accounts as trust accounts; failed to deposit monies into trust accounts and failed to comply with other required property management procedures.

August 2007 Agreed Order

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Real Estate Section
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"Disciplinary Actions" continued from page 7

Huy M. Vo, Renton

Action: One year suspension of Salesperson License
Respondent was the listing agent for property located in Newcastle, Washington. Respondent falsified documents in order to initiate the escalation clause in the Addendum to the Purchase and Sale Agreement.
September 2007 Agreed Order

Colleen Akerblade, Kennewick

Action: 60-day suspension of Broker License
Respondent failed to obtain the earnest money, deposit the earnest money in accordance with the terms of the Purchase and Sale Agreement, or advise the listing agent of the same.
October 2007 Formal Hearing

Miriam Joy Hemmons, Seattle

Action: Five year revocation of Salesperson License
Respondent failed to obtain and deposit earnest money in accordance with the terms of the Purchase and Sale Agreement and to advise the listing agent of the same; falsified documents; failed to provide the transaction documents to her broker, failed to respond to requests for information from the Department.
October 2007 Default Order

Leonard Calabrese, Kent

Action: Three year revocation of Broker License
Respondent and his broker filed an illegal non-consensual lien against property, claiming an amount owed of \$5,625, and telling the complainant that the lien would be removed only if a particular offer was accepted; further Respondent entered a plea of guilty to two counts of Statutory Rape in the Second Degree, one count of Statutory Rape in the Third Degree and one count of Indecent Liberties. He is required to report as a Level II Sex Offender. Respondent failed to advise the Department of his sex offender status.
November 2007 Agreed Order

Haikanush Ikilikyan aka Alexis Ikilikyan, Tacoma

Action: Four month suspension of Broker License
The Respondent was aware of changes made to the purchase price on the Purchase and Sale Agreement but failed to provide notice to the seller or listing agent and failed to collect and deposit earnest money into the escrow account.
November 2007 Agreed Order

Larry R. Moshofsky, Maple Valley

Action: Five year revocation of Salesperson License
Contrary to his broker's directive, the Respondent was Dual Agent in a transaction; the Respondent failed to provide an addendum reflecting a \$25,000 credit to the lender, although he represented the contrary to the Department.
December 2007 Default Order