



# Real Estate Licensee Update

Christine Gregoire, Governor  
Volume III, Issue 2

Elizabeth Luce, Director  
Mid-Year 2010

## Were you ready? Real Estate License Law Changed July 1

July 1, 2010 marked the formal implementation of the revised real estate license law, the first comprehensive review and updating of the law in decades. Although paper licenses will not reflect title changes until the individual licensee's next renewal, all current real estate salespersons are now officially titled as real estate brokers, and all current real estate brokers and associate brokers are now titled as managing brokers. The term "managing" does not imply that a licensee is responsible for the activities of anyone other than themselves, but if a licensee supervises the activities of another licensee, he or she must hold a managing broker license.

Some of the responsibilities have changed as well, especially for newly licensed brokers and those managing brokers supervising new entrants to the business. To ensure all licensees understand those changes, everyone who held a real estate license prior to July 1, 2010 MUST take a Transition Course prior to their first renewal after July 1. However, if he or she has taken the Transition Course prior to this date and it applied to the clock hour requirement for renewing a license prior to July 1, the requirement has been satisfied. It simply must be taken prior to the first renewal after July 1.

With the exception of Transition Course, continuing education requirements for existing licenses have not changed, which still requires 30-clock hours of education including the 3-hour Core curriculum. However, the requirements for obtaining and retaining a license have changed, with the biggest change in educational requirements pertaining to individuals seeking to become real estate licensees. Before someone can sit for the new broker examination they now need 90-clock hours of

education, comprised of the 60-hour Fundamentals course and the 30-hour Practices course. Despite the increase in the pre-license education requirement, there have been no changes in the scores required to pass the entry-level licensing examination. During the first renewal cycle, now recognized as two years from initial licensure, the broker needs to complete an additional 90-clock hours of education:

- 30-hour Advanced Real Estate Practices
- 30-hour Real Estate Law
- 30 hours of elective continuing education (including the 3-hour Core class).

The requirements for obtaining the Managing Broker license now consist of 90-hours of specified education:

- 30 hours of Advanced Real Estate Law
- 30 hours of Real Estate Brokerage Management
- 30 hours of Business Management

Individuals who need to renew an active license will have the option to apply online at the DOL website, send a renewal notice or renewal application in by mail, or apply in person at the Olympia office (2000 4th Ave W). There is a fee included within the process, so be prepared to have either a credit card or debit card on hand if renewing online, or if renewing by mail have a check or money order payable to the State Treasurer to the location shown on your renewal notice. Individuals may also have to submit your fingerprints, required once every 6 years, during your renewal process. If you received a fingerprint card with your renewal notice, you will need to bring that card to any fingerprinting service approved by the Washington State Patrol. If you are required to submit fingerprints, you will not be eligible to choose the option to renew online.

Brokers and managing brokers should become familiar with all the revised Washington Administrative Codes governing the practice of real estate brokerage by reading the rules which can be downloaded at the Department of Licensing's Laws and rules, real estate page:

[www.dol.wa.gov/business/realestate/lawsrules.html](http://www.dol.wa.gov/business/realestate/lawsrules.html)

The Department of Licensing has a policy of providing equal access to its services. If you need special accommodation, please call (360) 664-6524 or TTY (360) 664-0116.

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# Administrator Corner

by Jerry McDonald

## Welcome New Brokers and Managing Brokers

As you are all aware, the new real estate licensing law is now here! This new law changes a lot more than just the titles you use. There is much information behind the titles. For example, the title of “broker” or “managing broker” means a “natural person”. A person may still incorporate themselves for other purposes, but they may only conduct or perform “real estate brokerage services” as a natural person. You, a natural person took the real estate test, and you, a natural person is the licensee.

You have probably heard that real estate firms must now be licensed. The old real estate law melded the designated broker and the firm into one license. Our current law separates the managing broker license endorsed as a designated broker from the real estate firm license. Thus, any group or legal entity conducting “real estate brokerage services” must be licensed as a real estate firm. A team providing “real estate brokerage services” cannot be licensed as a firm without having their own managing broker endorsed as a designated broker and their own Unified Business Identifier (UBI) number. Licensee teams or an association of licensees must operate under the firm to whom they are licensed.

While talking about firms, our new law requires that the designated broker have a controlling interest in a real estate firm. This does not mean that the designated broker must own 51% of the firm. It means the broker must have financial or operational control over any aspects related to providing real estate brokerage services. A broker may be able to demonstrate controlling interest by:

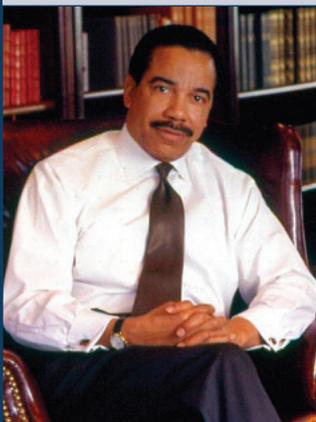
- having signing authority on all of the firm’s trust accounts and business accounts,
- developing and signing company policy regarding real estate transaction processes,
- signing delegation agreements to other managing brokers
- reviewing transaction documents.

Unlicensed persons or other licensed persons may have controlling interests in a real estate firm, and this must be disclosed to the department on the firm application. However, only a designated broker or a delegated managing broker may supervise other licensees.

The new law allows the designated broker to be endorsed as the designated broker of more than one firm. This provision is designed to allow a designated broker to be the designated broker for an additional firm if the firm’s designated broker becomes incapacitated. It also allows a designated broker to manage several divisions of a firm (e.g. commercial, residential, property management)

*See “Administrator Corner” on page 8*

## Long-Serving Real Estate Commissioner Steps Down



Eighteen years ago Governor Booth Gardner appointed Paul Chiles to the Real Estate Commission. Since then, Paul has been the primary voice of commercial real estate and an energetic advocate for increasing the professionalism of all real estate licensees and protection of consumers through the education of all real estate professionals. At the June 30, 2010 meeting of the Washington Real Estate Commission DOL Assistant Director, Ralph Osgood on behalf of Governor Christine Gregoire, DOL Director Liz Luce, members of the Real Estate Commission, DOL real estate staff and the people of Washington thanked Commissioner Chiles for his extraordinary service.



## Real Estate Licensee Update Volume III, No. 2 Mid-Year 2010

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## Consider EPA's new lead paint restrictions when advising sellers

Are you working with buyers who are contemplating significant updating of a home constructed prior to 1978? Are you representing sellers who are updating an older home before putting it on the market? Are you asked to recommend contractors for those projects? Understanding the basics of EPA lead paint regulations can help you and your clients avoid future problems.

A new Environmental Protection Agency (EPA) regulation requires contractors to take extra precautions against exposure to lead-based paint during the renovation and repair of homes or child-occupied facilities built before 1978.

As of April 22, 2010, anyone paid to do work on a home built before 1978 is required to determine if lead-based paint is present in the home and provide the homeowner or resident with an EPA pamphlet on lead exposure. The EPA has determined that children are the most at-risk for lead poisoning, which is present in some older paints. Exposure to lead can have numerous harmful health effects including impaired mental and physical development.

In most instances, if the home tests positive for lead, the contractor will be required to follow strict guidelines when disturbing painted areas. Homeowners are not required to test their homes and are exempt from these regulations when working on their own property. However, certifying that a property is lead-free may be a valuable benefit for the seller of an older home.

Contractors providing remodeling services on impacted properties must have a valid firm certification as well as a certified renovator



managing the project. Projects that would require a lead-certified contractor are those that involve removing one or more windows, interior projects that disturb more than six square feet of contaminated area, or exterior projects that disturb more than 20 square feet of contaminated area. Simply painting over an area does not disturb any lead material and is not included in this regulation.

Before hiring or referring a residential contractor to work on a house built before 1978, real estate licensees should confirm that the contractor has the appropriate certifications. Homeowners may waive the requirements of the regulation in most instances if children do not live in the home and none of the residents are pregnant. Projects involving housing for the elderly, disabled persons, or zero bedroom dwellings are excluded from this regulation. Any property that tests negative for lead by a certified inspector, or was constructed after 1978, is also automatically excluded from the EPA requirements.

The results of any lead tests performed by the seller must be included in the disclosure forms provided to the buyer. An inspection for a single-family home typically costs about \$500 and many properties built between 1950 and

1978 may already be lead-free. In 1950 many paint manufacturers voluntarily discontinued lead use in interior paints but continued using it in exterior paints through the 1970's. In 1978 lead-based paint was banned from residential use by the Consumer Product Safety Commission. The EPA's website contains more information about the regulation as well as a list of certified professionals.

<http://www.epa.gov/lead/pubs/renovation.htm>

## New tenants' rights laws may delay the use of rental properties after a foreclosure

Real estate licensees whose clients are purchasing foreclosed homes currently occupied by tenants should ensure their clients are aware of limitations on terminations of leases.

State and federal laws passed during 2009 extending tenants' rights when their residence is sold after a foreclosure may impact buyers or sellers who purchase rental properties. Upon the purchase of a property with one or more tenants using a federally-regulated mortgage loan, the buyer is obligated to uphold the original written lease terms for their duration. In the case of month to month, expiring, verbal, or at-will leases 90 days notice to vacate is required. The new homeowner may also give a 90-day notice if they plan to use the property as their primary residence. Licensees representing buyers should be aware that during the 90-day period, tenants are obligated to uphold the conditions of their lease and can be evicted for damaging the property or being a nuisance. If a licensee's clients are purchasing a bank-owned property or property at auction, they should be encouraged to identify the presence of tenants before purchasing it.

The new federal regulation signed by President Obama is titled the Protecting Tenants at Foreclosure Act and took effect May 20, 2009. The law obligates landlords to uphold an existing lease, contingent on the rent not being

substantially less than the market rent determined by HUD. In the event that the rent is substantially below market value, the tenant is still entitled to 90 days notice to vacate. There is currently no definition for "substantially below market rent" which leaves room for court interpretation. Unless renewed, the regulations contained in this act are set to expire on December 31, 2012.

Section 8 tenants receive the same protections listed above and the owner must honor the housing assistance payments (HAP) contract established with the tenant. The "other good cause" exception to a HAP contract may not be used to evict a tenant to make the property easier to sell. Tenants subsidized by other federal, state, or local housing programs are entitled to the same protections as any other tenant.

At the state level, Senate Bill 5810 became effective July 26, 2009, three months after the federal act. Unlike the federal law, the state law pertains to any property that is purchased with existing tenants. If there is inconsistency between the state and federal laws, the federal regulation supersedes. The Washington law specifies that lenders must now send a 90-day notice letter to disclose to the tenant that their home is scheduled to be sold at a foreclosure auction and they may eventually be evicted.

See "Tenants" on page 6

# Real Estate Market Roundup

Glenn E. Crellin, Director, Washington Center for Real Estate Research

Understanding real estate markets has never been easy, but the last few years have been especially difficult. Late 2009 saw a surge in sales activity tied to the first-time buyer tax credit which was due to expire the end of November. Of course, it was extended and expanded with a new expiration date of homes under contract by the end of April, 2010 and closed by the end of June (now extended till the end of September). Even with the extended stimulus, the market softened during the first quarter of 2010 compared to late 2009 then recovered a bit by mid-year. The industry was so effective convincing would-be

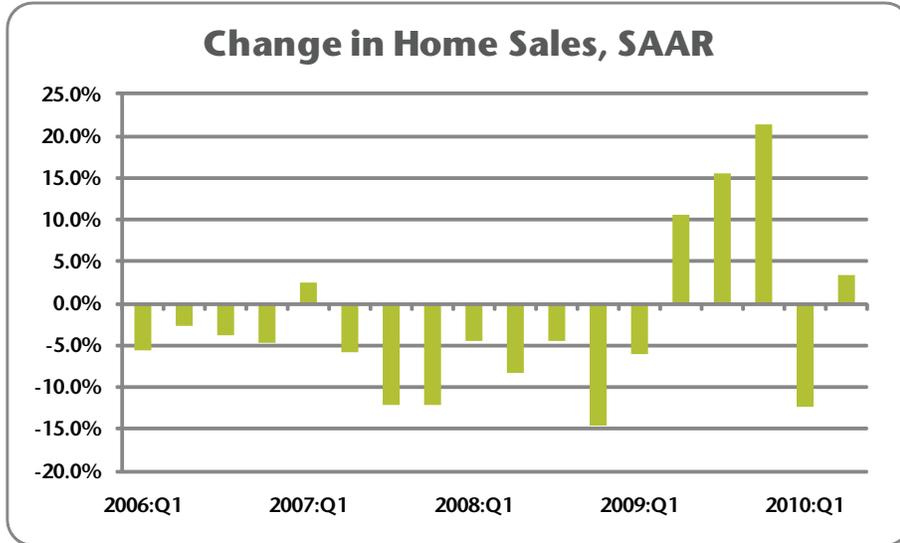
## Sales and Construction Activity

The annual rate of existing home sales (seasonally adjusted) during the second quarter of 2010 was 96,020 homes sold, 3.5 percent more than during the first quarter of 2010, but a solid 27.5 percent improvement compared to the dismal second quarter of last year before any incentive programs were available. Sales rates increased compared to the prior quarter in 26 of Washington's 39 counties, and increased compared to a year ago in all but one county.

As much as the existing housing market declined during the recession, the new construction market was hit even harder, declining 68.3 percent from the 2005 peak to 2009. Data for the second quarter of 2010 indicated that total residential building permits were 25.9 percent above the second quarter of 2009, appearing consistent with the existing home statistics. However, the resale data is limited to single-family homes whereas total construction data includes multifamily construction. Multifamily construction increased more than single-family.

## Home Prices and Construction Value

Home prices/values are critical to consumer decisions. The median price resale home sold during the first quarter carried a price of \$246,800, only 6.9 percent below the second quarter of 2009. Some of the decline is due to a

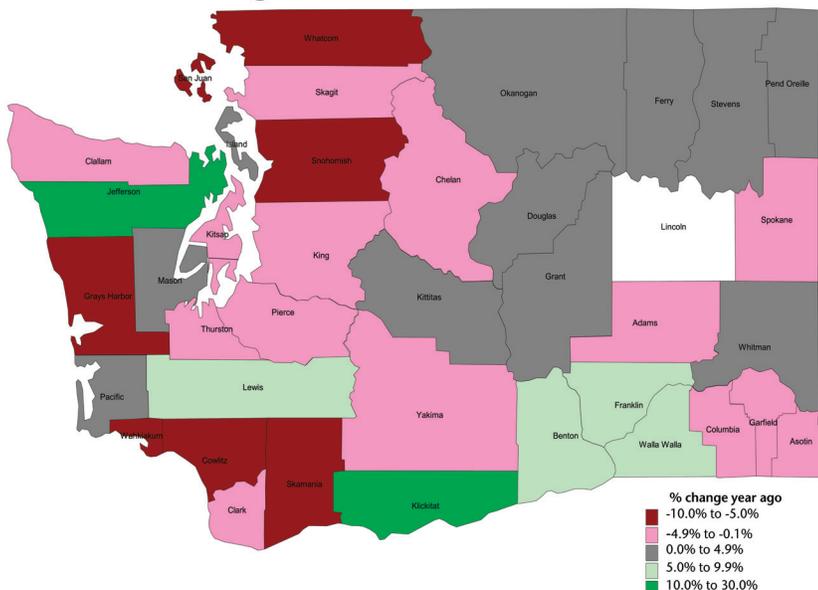


first-time buyers to complete their transactions by the end of last November, that there were fewer potential buyers on the sidelines for the extended program. While the extension helped, the impact was less significant than it had been earlier.

more active first-time buyer market concentrated on sales in lower price ranges. On a county basis, the median price increased compared to a year ago in 7 counties.

Since the data on sales prices of new home is not very good, construction values (exclusive of lot costs) give an idea of what is happening. Total value of single-family permits issued in the second quarter of 2010 was \$812.9 million, or approximately \$234,500 per home compared to a total of \$605.2 million during the same period last year, \$215,300 per unit. As the mix of new construction has limited builders ability to build spec homes, the custom market has pushed values up.

## Median Price Changes—2010:Q2



## Affordability

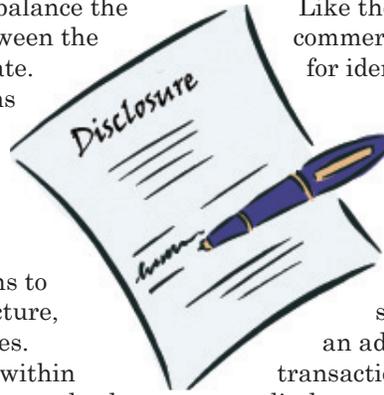
WCRER has calculated statistics on housing affordability since 1994. The last two quarters have registered the most affordable values in the entire 16-year history. For all buyers the housing affordability index during the second quarter stood at 136.4, a new record. That value means that a middle-income family had a 36 percent income cushion in terms of purchasing a median price home in the state, assuming they have access to a 20 percent downpayment and take out a 30-year loan at prevailing mortgage interest

See "Roundup" on page 6

## Commercial Property Condition Disclosure

Effective June 10, 2010, new legislation from the Washington State Legislature requires commercial property sellers to provide a disclosure form, similar to that used in residential property sales. This will help to balance the paperwork and disclosure requirements between the commercial and residential sides of real estate. Previously, commercial property transactions did not require a form and disclosure was at the discretion of the buyer and seller.

The new commercial disclosure section is contained in RCW 64.06 along with the current requirements for residential seller-disclosures. The new disclosure form pertains to the condition of the title, water, sewer, structure, integrated systems, and environmental issues. Sellers must provide the form to the buyers within five days of a mutual acceptance of a purchase and sale agreement. Within three days of receiving the disclosure form, the buyer may either approve or reject the purchase agreement. In the event that a disclosure form is not provided, the buyer may rescind the purchase agreement anytime until the transfer is completed. If the seller provides the form after the five-day requirement, the buyer



has three days after the date the form is received to rescind the agreement. In any case, the buyer may not back out of a purchase once the transaction is completed.

Like the statute for residential disclosures, commercial sellers and licensees are only liable for identifying information of which they are aware when completing a disclosure form. Accuracy of information provided by inspectors or public records is not the responsibility of the seller or licensee, unless they know it is false. The seller or licensee must update the buyer of any disclosure-related items that are discovered until the sale's completion. The new disclosure triggers an additional three-day recission period. In any transaction, a buyer may waive their right to receive a disclosure form unless environmental issues—such as flooding, wetlands, or health hazards—are present. In transfers between spouses, partners, trustees, foreclosures, or deeds in lieu of foreclosure, a disclosure form is not required.

[Bill main page apps.leg.wa.gov/billinfo/summary.spx?bill=6749&year=2010](http://Bill%20main%20page%20apps.leg.wa.gov/billinfo/summary.spx?bill=6749&year=2010)

## HUD New Condominium Rules for FHA Financing

Are your clients selling or buying condominiums? If so, you need to be aware of recent changes to the condo financing practices, especially those related to FHA. In June 2009, the Department of Housing and Urban Development (HUD) announced broad guideline changes to the condominium financing process that impacts FHA lending for condominium purchases. Although stricter permanent guidelines will take effect February 1, 2010, HUD has issued a temporary course of action more permissive through December 31, 2010, given the present market condition.

One of the conditions under the temporary guidance plan is an increase, from 30 percent to 50 percent, on the total concentration limit for FHA-financed condominium units. This allows more unit owners within a condominium project to benefit from FHA financing. According to the HUD Condominium Processing Q&A's booklet, "this temporary increase will have a positive impact on first time homebuyers providing more affordable housing opportunities." Additionally, vacant or bank-owned units may be completely excluded from the requirement of at least 50 percent owner-occupied units for FHA approval. Under certain circumstances

a project may be 100 percent FHA-financed if it meets all of the basic FHA condominium requirements. These requirements consist of projects that have been completed for at least one year and those that fulfill additional requirements for unit occupancy and HOA reserve funding. However, the permanent conditions that commence in February 2010 will decrease the total concentration limit from 50 percent back down to 30 percent.

The requirement for FHA approval on condominium projects under new construction has changed under the temporary guidance plan as well. The requirement of total units that must be presold to homeowners during the construction of condominium project has been reduced from 50 to 30 percent, allowing a higher proportion of the units within a project to become rentals. Once more, the permanent conditions that commence in February 2010 will increase the owner occupied unit requirement from 30 percent back up to 50 percent.

The temporary guidance in HUD's Mortgagee Letter 2009-46A allowed the spot loan approval process for individual condominium units to continue until February 1, 2010. Spot loan approval allowed condominium

projects not on HUD's pre-approved project list to be approved under a different set of criteria. This process has been a valuable tool for borrowers seeking FHA financing on a single condominium units where HUD has not approved the entire project. The hope is that by updating the review systems for entire projects, the process will be simplified for FHA lenders and borrowers and spot approvals will no longer be needed. The HUD Review and Approval Process (HRAP) or the Direct Endorsement Lender Review and Approval Process (DELRAP) have combined together to help simplify the approval process of condominium projects, therefore eliminating the need for spot approval loans.

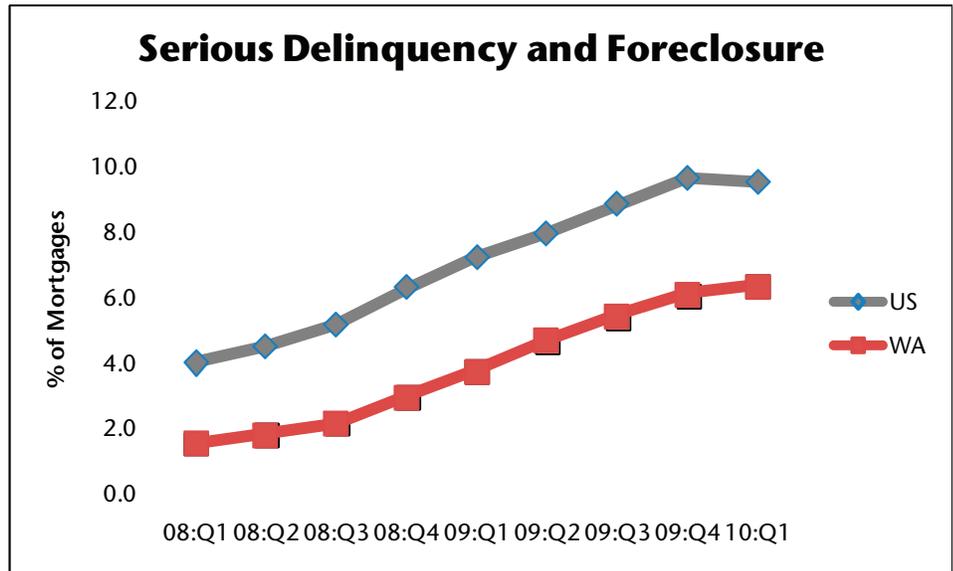
The temporary adjustments set by HUD were designed to make the approval process for FHA financing on condominiums much easier for potential homebuyers, especially with the current housing market conditions. Advising your clients about these temporary adjustments as well as the December 31, 2010 deadline will give them the best opportunity to take advantage of FHA financing.

[www.hud.gov/offices/hsg/sfh/ref/sfh1-28.cfm](http://www.hud.gov/offices/hsg/sfh/ref/sfh1-28.cfm)  
[www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/09-46bml.pdf](http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/09-46bml.pdf)

rates. The calculation assumes the family allocates a quarter of their gross income to principal and interest payments. The all-buyer index is generally viewed as a good measure of the affordability of housing for repeat home buyers.

First-time buyers, who typically have lower incomes and less access to cash for a downpayment, face higher hurdles in terms of acquiring that first home. To reflect that reality WCRER computes a separate index which assumes a lower home price (85 percent of median), a lower downpayment (10 percent), and a lower income (70 percent of median household income). The resulting index was 80.1 during the second quarter, also a record. However, it is still interpreted that this would-be first-time buyer has only 80 percent of the required income. In fact, an index of 80 represents considerable opportunities for qualified renters to consider homeownership. Moreover, the first-time buyer index exceeded 100 in nine of Washington's 39 counties during the second quarter.

Ordinarily such high affordability values would lead to a surge in home sales, but the psychology of the current market is keeping buyers on the sidelines. Some are concerned that values will continue to decline, and want to wait for the market to hit bottom. Others do not have access to downpayments which will allow them



to become homeowners. This may be a real long-term risk to the industry since recent research suggests renters often believe they will never be able to accumulate the downpayments.

### Delinquency and Foreclosure

Mortgage delinquencies and defaults, while apparently declining somewhat in other parts of the country, are an increasing problem in Washington. The Mortgage Bankers Association reports that 6.48 percent of residential mortgages in the state are at least 90 days delinquent or in foreclosure. A year ago only 3.79 percent of Washington mortgages were in such bad shape, and two years ago the proportion was only 1.58 percent.

This data is even more sobering when combined with recent indication that homeowners are giving up on the potential for mortgage modifications, and the knowledge that those mortgages which have been modified are typically 60-days delinquent again within a year of modification.

*WCRER statistical reports are produced quarterly. A 1-page snapshot is released about the 15th of the second month after the end of a quarter, with a more comprehensive report prepared for subscribers shortly thereafter. Washington Real Estate Licensees can receive an electronic subscription to the full report at no charge by sending their name, e-mail address, real estate license number and current license expiration date to [wcrer@wsu.edu](mailto:wcrer@wsu.edu).*

After the sale of the home without a federally related mortgage or housing subsidy, the new owner is obligated to provide at least 60 days notice before evicting the tenants.

When purchasing a current rental property, note that the tenants are still obligated to pay rent to the new owner for the duration of their tenancy. After acquiring a rental property, the owner should contact the tenant and/or property manager and clearly identify the change in ownership of the property and a process for receiving the rent. Failure to do so may cause confusion if the tenant is paying the wrong person and can complicate the rent collection process.

Federal text: [www.nlihc.org/doc/701-704-Public-Law-111-22.pdf](http://www.nlihc.org/doc/701-704-Public-Law-111-22.pdf)  
State text: [apps.leg.wa.gov/billinfo/summary.aspx?bill=5810](http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5810)

### Update: Short Sale Negotiators

1. Actively licensed real estate affiliates may conduct short sale negotiations under the authority of their Designated Broker.
2. Individuals appropriately licensed by the Department of Financial Institutions may also conduct short sale negotiations.
3. You're required to be licensed properly by the Department of Licensing or the Department of Financial Institutions prior to conducting short sale negotiations. You do not need to be licensed by both agencies.

# Disciplinary Actions

Note: Since all disciplinary actions took place before July 1, previous license titles are reported.



## January 2010

### LauraLouise Hight, Port Orchard

Action: Three month suspension of Real Estate Salesperson License and a \$2,500 fine  
The Respondent interjected herself into a real estate relationship without the right to do so, failing to exercise reasonable care and skill. The Respondent failed to inform sellers of a potential conflict of interest and failed to follow laws related to defined legal relationships.

### Marvin Erdmann, Bellevue

Action: Three month suspension of Real Estate Salesperson License and a \$2,500 fine  
The Respondent attempted to renew his real estate license by concealing a material fact that in fact he had not completed the required education and interfered with the Department's investigation of the matter.

### Paul Pendergrass, Port Angeles

Action: Real Estate Salesperson License suspended until January 16, 2011.  
The Respondent was convicted of three counts of Money Laundering.

## February 2010

### Duane Hopper, Lynnwood

Action: One Thousand Dollar fine imposed against Real Estate School License  
The Respondent failed to timely renew two real estate school courses.

### Heidi Jester, Woodland

Action: One year suspension of Real Estate Broker License stayed for three years and a \$5,000 fine  
The Respondent failed to notify the real estate program manager of a civil judgment in which the subject matter was real estate and failed to cooperate with the Department's request for information.

### Steven Mahoney, Kent

Action: Real Estate Broker License revoked for ten years  
The Respondent was convicted of Conspiracy to Commit Immigration Fraud.

### Thomas Nguyen, Lynnwood

Action: Stayed suspension of Real Estate Salesperson License for four months and complete agency approved classes in Real Estate Agency, Real Estate Ethics and Commercial Real Estate Purchase and Sale Agreements  
The Respondent sold to an individual, one half interest in property that he did not own and made misrepresentations to the Department during the course of the investigation.

### Doreue Urbon, Puyallup

Action: Real Estate Broker license suspended until such time as the Respondent responds to the Department's request for information and pays a fine of \$500  
The Respondent failed to keep the Department advised of his address of record and therefore the Department has been unable to locate the business to conduct an audit.

### James Vanderwarker, University Place

Action: One year suspension of Real Estate Broker License stayed for three years and a \$2,500 fine  
The Respondent failed to adequately supervise a salesperson under his employment regarding notification to the Department of their indictment and conviction.

## March 2010

### Michael Asmus, Gig Harbor

Action: One year suspension of Real Estate Broker License stayed for three years and a \$500 fine  
The Respondent engaged in real estate activity while his license was in expired status.

### Kevin Arruda, Burien

Action: Real Estate Broker License revoked for ten years from the date of his conviction  
The Respondent was indicted and convicted of Wire Fraud and Aiding and Abetting and failed to notify the Department of the indictment and conviction. The Respondent falsified mortgage application documents and perpetrated fraud against mortgage lenders.

### Frank Becker, Spokane

Action: Real Estate Broker license suspended until such time as the Respondent responds to the Department's request for information  
The Respondent failed to keep the Department advised of his address of record and therefore the Department has been unable to locate the business to conduct an audit.

### Trudy Diviney, Sumner

Action: Real Estate Salesperson License revoked until December 21, 2017  
The Respondent's Real Estate Appraiser Certification was revoked for ten years due to unprofessional conduct.

### Gerald Hearne, Yakima

Action: Real Estate Broker license suspended until such time as the Respondent responds to the Department's request for information  
The Respondent failed to keep the Department advised of his address of record and therefore the Department has been unable to locate the business to conduct an audit.

**Diane Marriott, Arlington**

Action: Real Estate Broker License revoked for ten years  
 The Respondent failed to run commissions through her broker; forged documents associated with real estate transactions and failed to furnish the Department documents and explanations requested.

**Tony Reyes, University Place**

Action: Real Estate Salesperson License revoked for ten years  
 The Respondent was indicted of Conspiracy to Commit Bank and Wire Fraud and Conspiracy to Engage in Money Laundering

**David Sobol, Seattle**

Action: Real Estate Salesperson License revoked for ten years  
 The Respondent was indicted for Conspiracy to Commit Bank, Mail and Wire Fraud; Bank Fraud; Mail Fraud; Wire Fraud; False Statements on Loan Application and Money Transactions Using Criminally Derived Property. He failed to notify the Department of the indictment.

**Danielle Krull Thompson, Vancouver**

Action: Real Estate Broker license revoked for ten years, or until the Respondent submits to a complete audit and provides all records requested by the Department.  
 The Respondent has repeatedly failed to permit the Department to conduct an audit of the company's

records and to respond to the Department's requests for information.

**April 2010****Bobbi Page, Edmonds**

Action: Nine month suspension of Real Estate Salesperson License  
 The Respondent failed to deliver earnest money on two occasions consistent with the terms of the Purchase and Sale Agreements and made false statements to the Department during the course of the investigation.

**Jabir Mued, Federal Way**

Action: One year suspension of Real Estate Salesperson License  
 The Respondent failed to disclose that property he owned and sold had a prior history of mold and further he failed to notify the purchaser of water damage.

**Ruvim Podgorny, Bellevue**

Action: Real Estate Salesperson license revoked for ten years  
 The Respondent failed to advise the Department that he had been charged and convicted of Residential Burglary and convicted of Attempted Theft in the Second Degree.

*"Administrator Corner" continued from page 2*

without having to appoint a "fill in" designated broker at each entity. However, any designated broker thinking of utilizing this provision would want to consider all ramifications, especially if the designated broker at different firms routinely does cross sales, as this could create problems with agency law.

"Real estate brokerage services" is a new term in the licensing law. A lot of the concepts that required licensure in the old law are the same, such as listing, selling, purchasing, exchanging, optioning, leasing, renting, negotiating any real property interest or holding oneself out that you are engaged in real estate brokerage services. Some of the new items are:

- advising, counseling or consulting with buyers, sellers, landlords or tenants in connection with a specific real estate transaction,
- issuing a broker's price opinion. Note only licensed appraisers may do appraisals,
- collecting, holding, or disbursing real estate trust funds,
- providing property management services.

The law has some new licensee duties. It is very definitive that all licensees must submit complete copies of their transactions to the firm. Also, the designated broker is responsible for maintaining a log of all the transactions regardless of whether or not the firm is holding the earnest money. There is not a prescribed format for the log, however as the department's auditors visit the offices,

they will give ideas to designated brokers to meet this requirement in conjunction with their business model.

Another new aspect of the real estate licensing law is "advance fees". Advance fees are those fees that are paid prior to the licensee providing the service. Advance fees are considered trust funds and must be placed in and remain in the firm's trust account until the service is rendered. An advance fee example would be when a licensee collects money for advertising that will not be placed for two weeks. It is suggested that prior to collection of any advance fee the firm have a written agreement that outlines the duties and responsibilities of the firm.

When a real estate firm is holding funds in their trust account and the ownership of the funds are disputed the designated broker must promptly notify the contracting parties of the designed broker's intent to disburse the funds. This notification must state to whom the broker is going to disburse the funds. The disbursement must occur within 30 days after notification. This requirement will help designed brokers in clearing disputed funds from their trust accounts.

These are just a few of the changes in our new real estate licensing law. With every law change and implementation there will be challenges. The real estate commission and the department is very interested helping make Washington a safer place for consumers and a better place to do business.