



Current Issues

Core Curriculum 2010-1011

Required course for all Washington State Licensees

by

Natalie Danielson

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A Washington State Approved Real Estate School for Clock Hour Education under R.C.W. 18.85.



Please Read this First! Thanks!

PROFESSIONAL *Direction* INC

Clockhours by Mail

1. You will be provided with a booklet of with the class material here in a pdf format. It is a THREE CLOCKHOUR CLASS FOR \$30.00 TUITION.
2. The course has been divided up into six 30 minute sessions. In Washington State a “clock hour” is 50 minutes. There are questions about each session. They can be answered while reading the material, at the end of the session, or at the end.
3. ***Answer*** the questions on the quiz sheet.
4. If you have any questions regarding the material or the questions, don’t hesitate to call or email Natalie Danielson.
5. ***Mail*** Quiz and Evaluation to Professional Direction.
6. The certificate will be mailed within 10 days of receipt of course materials and handout. If you are desperate... just email us!!!!

Disclaimer.. the course materials and questions are not to be used for legal advice. Information can change over time. Real estate transactions are handled different ways in different regions in the State of Washington. If you have any comments or concerns about the material contact Professional Direction.

Thanks!

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Current Issues

Curriculum

Session Hours	Major Topics	Objective
1 40 min	Distressed Properties Short Sales	Learn that not all licensees are equipped with training and experience to handle distressed properties and short sales. Recognize the line between providing real estate services and engaging in practice of law. Know that a short sale is not the only answer for sellers. Have a working knowledge of distinctions between short sales, deeds in lieu of foreclosure, non judicial foreclosures and judicial foreclosures.
2 20 min	Carbon Monoxide Statute	Know the requirements for new construction and rental property installation
3 30 min	Labor and Industries Requirements	Understand the L & I requirements affecting real estate licensees and review the differences between sales and property management. Review the requirements affecting designated brokers or real estate firms. Know where to secure the current rates for real estate and property management business. Understand the benefits from L & I coverage. Know how to comply with the record keeping requirement of L & I. Know where to get more information.
4 30 min	Referral of title insurance providers	Review and understand the following elements of RCW 18.85.053 that licensees cannot: Give gifts kickbacks or money, accept money or things of value, deny access to competing title companies, or require customers to obtain title services from a title company where the licensee has an interest.
5 30 min	Referral of Home Inspectors	Have an understanding of the laws relating to home inspector referrals Be familiar with the purpose and use of a home inspector referral disclosure forms Know where to find home inspectors standards of practice rules.
6 30 min	Property Management	Learn that a real estate licensee cannot perform property management without approval from their designated broker. Understand that property management is a real estate activity and the designated broker has responsibility for property management activities done by his or her licensees. Describe necessary agreements, record keeping, and funds management procedures associated with property management as described by WAC 308-124D-215. The student will indicate awareness of how funds are to be treated as trust funds where appropriate.

Current Issues Core Curriculum

By Natalie Danielson

The Core Curriculum Current Issues is a required course for every real estate licensee renewal every two years. The curriculum is decided by the Department of Licensing with new material every two years.

This class focuses on six major legal issues that were determined to have an impact on the business of the real estate agent and the consumer.

If you have legal questions, these must be directed to your Designated Broker or the corporate attorney.

Course Objectives

As a result of taking this course the real estate licensee will be able to:

- Understand some of the major issues affecting licensees regarding short sales and distressed properties.
- Understand the dangers of carbon monoxide poisoning and the requirements for detectors.
- Know the Labor and Industries requirements and that injuries on the job could be under workers comp.
- Know the laws regarding referral of title insurance providers
- Be aware that home inspectors must be licensed and a written policy must be in effect regarding referring a home inspector.
- Know requirements about property management activities under a firm.

Short Sales and Distressed Properties

Short sales and distressed properties are surrounded by complicated issues. If a homeowner is delinquent on payments, has lost income due to loss of job, or is in a financial bind their home might be in jeopardy. Often, the real estate agent is called in first to determine the approximate market value. Then the agent is often asked to help the homeowner look at their options. But, there can be complications that the real estate licensee is not aware of, implications that might affect a homeowner after a sale, and other liens that have not been disclosed.

In desperation, some of these homeowners are turning to businesses and individuals that claim to repurchase mortgages in order to allow the homeowners to remain in their homes. Most of these are the result of scams. The Distressed Property Act of 2008 RCW 61.34 was passed in 2008 to focus on regulating the activities of home consultants who claim to help stop a foreclosure for a fee. The act also provided legal rights to home sellers through distressed property protections and distressed home consultant provisions.

Real estate agents have since been exempted as home consultants with an amendment to the law if sellers are represented by an attorney or real estate agent within 20 days of foreclosure. The agent or buyer must not be participating in a distressed home conveyance. The agent or buyer is not a distressed home consultant if the seller is allowed to remain in the home as a lessee or for a transitional period.

The Washington State Department of Licensing wants real estate licensees to be aware that all licensees are not equipped with the proper training and experience to handle distressed properties and/or short sales. According to the Department, the most appropriate service a licensee can give a distressed property owner is to refer them to legal counsel and /or to another licensee who has the property training and experience.

Third party short sale negotiators have been knocking on the door of agents and distressed homeowners. A short sale negotiator must have a real estate license or be licensed under dept financial institutions to perform services. Real estate agents face risks of referring unlicensed short sale negotiators. Real estate agents also should understand that there are risks of promising compensation to short sale negotiators or being involved in the attempt to not disclose a fee.

Providers of loan modification services to Washington State residents involving their Washington property must be licensed under the Mortgage Broker Practices Act RCW 19.146 or the Consumer Loan Act RCW 31.04 unless explicitly exempt under those acts.

Most real estate residential sales close with a homeowner signing a promissory note on the loan secured by a Deed of Trust. If an owner does not pay on the note, the Deed of Trust provides for a non judicial foreclosure without a judge or court hearing. If a property is sold on a short sale, the bank holding the note agrees to accept less than the amount the homeowner owes to avoid the time and money involved in a foreclosure. The homeowner of the property, in some cases, may be liable for the shortage to the bank, for tax consequences after the sale, and have a mark on their credit. A deed in lieu of foreclosure occurs if the bank agrees to take the property back instead of going through the foreclosure process. This can also have future consequences for the homeowner. A loan servicing company is not always the bank that is holding the note but instead a third party paid to manage the loan.

There are many scams revolving around loan modification, foreclosure rescue and short sale negotiation. Additional information on scams is available on the Federal Trade Commission website www.ftc.gov.

Carbon Monoxide Statute

Carbon Monoxide , CO, is an invisible, odorless and tasteless gas that is poisonous and can cause death, memory loss and brain injury. The Washington Poison Control center has received about 400 calls per year about CO poisoning. The December 2006 storm that hit Western Washington caused the largest storm related epidemic in history with regards to CO poisoning. Over 1000 people were seen in emergency rooms with symptoms. Eight people died from CO exposure. But, CO poisoning is not just connected with storms and power outages. It is also caused by cars left running in garages or when people ride in the backs of pickup trucks. Carbon monoxide can pass through walls from garages or neighboring apartments.

Alarms can prevent this. State law already requires smoke detectors in homes. Detectors cost usually less than \$35 and go off at 35 ppm CO, the maximum exposure allowed by the Occupational Safety and Health administration.

All combustion produces carbon monoxide. It is not detected by its smell. People can't know it's there until they are sick. Often people remain in the area where they are being exposed, thinking they have the flu and should rest.

Carbon monoxide is toxic to humans through a number of pathways. One of these is its interaction with red blood cells, which normally carry oxygen to tissues. Carbon monoxide binds to the red blood cells instead of oxygen and sickens people through oxygen deprivation. People who don't die from carbon monoxide poisoning can experience a number of permanent effects including memory loss and brain injury.

People that have been affected by death or injury encouraged the legislature to pass a law in April 2009 requiring CO alarms. The Carbon Monoxide Bill requires that the State building Code Council to adopt rules by July 1, 2010 requiring carbon monoxide alarms in residential properties. It requires that these rules require carbon monoxide alarms in all NEW residential buildings, single and multi family, beginning in the year 2011. Carbon monoxide alarms will be required in ALL other residential occupancies beginning in the year 2013

“Owner occupied single family residences legally occupied before the effective date of this act are exempt from the requirements of the carbon monoxide bill.

However, for any owner occupied single family residence that is sold on or after the effective date of this act (July 26, 2009), the seller must equip the residence with carbon monoxide alarms in accordance with the requirements of the state building code before the buyer or any other person may legally occupy the residence following such sale. “ RCW 19.27.530 (1) b Senate Bill 5561

But, senate House Bill HB2886 which is in committee NOW in February REMOVES THE STATUTORY REQUIREMENT FOR THE INSTALLATION OF A CARBON MONOXIDE ALAMR WHEN AN OWNER OCCUPIED SINGLE FAMILY RESIDENCE IS SOLD!

The maintenance of a carbon monoxide alarm in a tenancy including the replacement of batteries is the responsibility of the tenant who shall maintain the alarm as specified by the manufacturer.

Labor and Industries Requirements

Real Estate licensees and firm owners are trained to understand that in most cases the agents are independent contractors and not employees. That distinction impact access to employment benefits, the nature of supervision by managers, and most significantly income taxation. Most people in the industry believe that workers compensation insurance does not apply to real estate agents as they are not on the payroll as employees for a firm. A 1993 decision the Washington State Court of Appeals rejected the idea that real estate firms do not need to pay workers compensation premiums for their agents that were independent contractors. Industrial insurance must be paid quarterly to the Department of Labor and Industries (L & I). Evidently, an audit by L & I revealed that over 80% of Washington real estate brokers did not comply or are delinquent in making premium payments for their agents as there has been confusion regarding this topic. Real estate licensees who employ licensed or unlicensed assistants independently of the real estate firm should also check with L & I regarding the potential premium liabilities for those workers.

Workers compensation protects real estate licensees performing their licensed duties. For example, if a licensee were to be injured during a showing of a property, treatment for that injury would be covered through workers compensation rather than the agent's personal insurance or the liability insurance of the property owner. If an agent is injured in the workplace, the agent will be prohibited from suing broker for recovery of lost time or medical expenses if the broker paid L & I premiums for the injured worker. The agent must take recovery of their losses from the Department of Labor and Industries, not from the Broker.

All real estate firms are required to have workers compensation accounts with Labor & Industries. They file a master business license application through the Department of Licensing indicating that they have employees. They are required to report real estate licenses working under their firm and pay the premiums. Broker can either pay based on the amount of time actually spent working by each agent or pay premiums based on an assumed eight hours per day or 160 hours per month for each agent and employee. The critical issue is that broker must select one option or the other and apply it to every agent and employee in broker's office. Broker cannot pay a portion of the premiums based on actual hours worked by some and an assumed eight hours per day or 160 hours per month worked by others. For this reason, the vast majority of brokers report the entire office on an assumed eight hours per day or 160 hours per month.

The standard insurance rate applied to most real estate offices is \$0.1388 times the number of hours worked. Broker is allowed to deduct \$0.0509 of that amount from compensation paid to the agent. If reporting based on an assumed 8 hours per day, there are 480 hours per licensee, per quarter. The amount owing, based on this calculation, is less than \$67 per licensee, per quarter. Brokers may require that approx \$24 of that be paid directly by agent.

Audits by the Department of Labor & Industries are conducted by mail. Brokers also receive a follow-up call from an auditor to assist with questions that may arise. L & I indicates that when audits turn up problems, they typically assess four quarters of back premiums, but that can be extended up to 12 quarters if there are strong indications that a broker knew the rules and intentionally violated them.

Ron Langley, Small Business Liaison for L & I indicated, "Audits began during the first week of November 2008, but brokers can still get a break on penalties and interest if they check with their account manager and correct any reporting errors before they receive an audit letter."

For more information contact Ron Langley Labor and Industries Small Business Liaison (360) 902-4817 lanx235@LNI@wa.gov or website www.LNI.wa.gov

Information from the Real Estate Licensee Update Winter 2009 and WA REALTORS June 2008

Referral of Title Insurance Providers

It is common for title insurance companies to develop working relationships with real estate licensees to build their title insurance business. In addition, many real estate companies that have had an ownership or financial interest or an affiliation with a title company and encourage real estate licensees in that firm to work with that specific company. There are some licensees and real estate firms that accepted gifts and promotions in return for sending title business.

Over the past couple years the Washington State Legislature, the Office of the Insurance Commissioner and the Department of Licensing have created laws and regulations on this practice so to ensure that the homebuyers who pay for the title insurance receive unbiased recommendations.

The Office of the Washington State Insurance Commissioner passed new regulations in March 2009 WAC 284-29 that affect title insurance companies went into effect. These rules regulate the title insurance companies as to what constitutes an appropriate gift and to set specific monetary limitations for spending that affects real estate companies. It restricts the insurers to spending a maximum of \$1000 per trade organization event each calendar year. Title insurers may also continue to pay to advertise at trade events as long as they pay the standard price and advertising is not offered exclusively to one company. Title insurers may give self-promotional items directly to real estate licensees as long as the individual item costs no more than \$5. They can host complementary education session for licensees on title related topics and spend up to \$10 per hour on refreshments. Educational session may be provided on non title topics if they are open to the public and provided for a fee. Charitable and PAC donations are unrestricted when provided directly to the organization independent of any referral.

The Washington State Legislature and the Department of Licensing regulate the relationship that real estate agents have with title insurance companies. Under RCW 18.85.053 the law says that if a real estate licensee or a person who has a controlling interest in a real estate business (a firm, owner or designated broker) shall not directly or indirectly, give any fee, kickback, payment or other thing of value to any other real estate licensee as an inducement, reward for placing title insurance business, referring title insurance business, or causing title insurance business to be given to a title insurance company or rep where the licensee or the person having controlling interest in a real estate business also have a financial interest. An example would include owners of real estate firms that also have a finance interest in a title insurance company cannot give inducements to their agents to use that title insurance company.

In addition, a real estate licensee or person who has a controlling interest in a real estate business shall not solicit or accept, or both, anything of value from a title insurance company or representative anything that a title insurance company is not permitted by law or rule to give the real estate licensee or person with a controlling interest in a real estate business. The rules are listed briefly above.

Real estate licensees, firms and designated broker are not allowed to prevent or deter a title insurance company or representatives from delivering to a licensee or clients printed promotional material on title insurance services. The material must be appropriate, not misleading or false, does not malign licensees or affiliates, the delivery is to public access of the office, and the conduct of the title representative is appropriate.

A real estate licensee shall not require a consumer as a condition of providing real estate services to obtain title insurance from a title insurance agent in which the real estate licensee has a financial interest.

Referral of Home Inspectors

A home inspection is one protection for buyers and sellers of real estate. The purpose of a home inspection is to assess the condition of the residence at the time of the inspection using visual observations, simple tools and normal homeowner operational controls. A home inspection can discover defects that can affect a sale or purchase. Previously, there was no regulation of home inspectors. Most consumers don't know home inspectors and rely on the real estate agent for a referral. There have been cases where the licensees encouraged consumers to hire a specific home inspector or to choose from an "approved" list. Sometimes, those inspectors were related to the licensee or they have previous business relationship.

Under the new laws RCW 18.280 home inspectors are required to be licensed beginning in Sept 2009. A person performing the duties of a home inspector as of June 12, 2008 has until July 1, 2010 to meet the licensing requirements. The license number must be included on all documents incident to a home inspection. When they perform a home inspection they must follow the rules WAC 308-124C-050 which include the detailed Standards of Practice.

The WAC 308-408C-020 Standards of Practice for home inspectors requires that they provide full written disclosure of any business or familial relationships or other conflicts of interest between themselves and any other party to the transaction including but not limited to buyers, sellers and real estate licensees. In addition, home inspectors are not to provide any compensation or reward to any person for a referral of business or to be included on a list of recommended inspectors.

Under the changes to Real Estate License Law RCW 18.85 effective in July 2010, Designated Brokers are responsible to maintain and implement policies on the referral of home inspectors in compliance so that there is a procedure for referring home inspectors to buyers or sellers addressing the consumers right to freely pick one and prevent any collusion between the inspector and the agent.

The WAC 308-124C-050 effective January 30, 2009 requires that each licensed designated broker establish a written office policy that includes a procedure for referring home inspectors to buyers or sellers. The policy will address the consumer's right to freely pick a home inspector of their choice and prevent any collusion between the home inspector and a real estate licensee. If a real estate licensee refers a home inspector to a buyer or seller with whom they have or have had a relationship including, but not limited to, a business or familial relationship, then full disclosure of the relationship must be provided in writing prior to the buyer or seller using the services of the home inspector.

Property Management Activities

Real estate licensees cannot perform property management without approval from the designated broker. Property management includes ANY activity relating to the marketing and leasing of property. This includes showing, advertising and rental agreements whether or not there is a payment. The designated broker has responsibility for property management activities done by his or her licensees. Properties that the licensee personally owns may be exempt.

Properties managed by the firm must be supported by a written management agreement signed by the Designated Broker and the owner. WAC 308-124D-215
Property management agreements must include:

- The firm's compensation
- The type of property and number of units
- Whether or not the firm is to collect and disburse funds and for what.
- Authorization if any to hold security deposits
- Frequency of submitting summary statements to the owner

Each owner of property managed by the firm must be provided a summary statement as provide in the property management agreement for eac property showing the carried balance, total rent receipts, owner contributions, other receipts, itemization of all expenses paid, number of units and ending balance.

The firm may provide other service for the owners of properties with full disclosure of Broker's relationship with any parties providing services. Any amendment or modification to the property management agreement must be in writing.

Property Management Trust Funds

Trust accounts for property management transactions are exempt from the interest-bearing requirement of RCW 18.85.285.

Interest-bearing accounts may be established for Property Management funds if in writing for an individual owner established in writing with interest to accrue to the owner and for only damage or security deposits for tenants of residential properties managed by the firm with interest paid to the owner under certain provisions under the Landlord-Tenant Act RCW 59.18.270.

Mortgage payments for the owner are not permitted to be deducted from the trust account if it contains security deposits or funds belonging to more than one client.

A single check maybe be payable to the firm for property management fees and commissions if supported by a schedule of commissions. Property management commission shall be withdrawn at least once monthly.

When the property management agreement is terminated, the funds shall be disbursed according to the agreement including the damage or security deposited.

Quiz for Core Curriculum 2010-2011

Complete answers on this form. Mail or scan to Professional Direction with Evaluation.

1. All real estate licensees have been trained to handle complicated short sales and distressed property sales True / False
2. A short sale negotiator acting as a third party does not have to have a real estate license in Washington State. True/False
3. A judicial foreclosure means that the seller can just have a judge approve a short sale instead of a bank. True / False
4. A deed in lieu of foreclosure is used to transfer ownership when the seller sells to a buyer prior to a foreclosure. True / False
5. A seller may have other options when there is a financial situation other than trying to sell the house with a short sale. True / False
6. There may be future tax consequences when a homeowner sells a property under a short sale. True / False
7. The advantage to a short sale is that it never has an impact on a homeowner's credit rating. True / False
8. Often a distressed homeowner needs more advice than a real estate agent can provide and should be referred to experts. True / False
9. A real estate licensee can pay a short sale negotiator a fee without giving the bank knowledge of the fee. True / False
10. The bank holding the note might not be the one servicing the loan. True / False
11. Carbon monoxide is an invisible, odorless, and tasteless gas. True / False
12. Exposure to carbon monoxide is not evident to people because symptoms can resemble flu. True / False
13. Every landlord is required to install Carbon Monoxide in all rental units as of January 2013. True / False
14. Exposure to CO poisoning can include brain injury and memory loss. True / False
15. The law is being changed that required owner occupied single family homes sold have CO alarms prior to occupancy. True / False
16. Real estate firms are required to pay premiums for Labor and Industries insurance on all licensees. True / False

17. Last year over 80% of all real estate firms were delinquent in making their L & I payments. True / False
18. If a real estate agent were to be injured in the showing of a property he/she would be covered by workers comp. True / False
19. If an agent does not sell on a full time basis the designated is not liable for any L & I payments. True / False
20. The Labor and Industries has a website where more information is available at www.LNi.wa.gov True / False
21. A real estate licensee can receive free advertising from a title company as a reward for directing business their way. True / False
22. A Designated Broker or the Managing Broker with written duties, must initial all contracts by new Brokers within 5 days. True / False
23. Real estate license laws prohibit a real estate agent from receiving ANYTHING of value for placing title insurance. True / False
24. A designated broker can prohibit a title company from providing business appropriate promotional material to agents. True / False
25. A real estate licensee can require a consumer to use the company owned title insurance company. True / False
26. A real estate firm cannot give licensees bonuses for using a company owned title company. True / False
27. The Real Estate Department of Licensing limits the amount of gifts from a title rep, True / False
28. The Title Insurance companies are regulated by the Washington State Insurance Commissioner. True / False
29. The Real Estate Department of Licensing requires that firms cannot deny access to competing title companies. True / False
30. A real estate licensee can accept advertising rewards if they include the name of the title company paying for the ad. True / False
31. The Department of Licensing requires that each Designated Broker establish a written policy for referrals of Home Inspectors. True / False
32. A licensee would not be in violation of the law for referring a home inspector that is a related to the licensee if disclosed in writing. True / False
33. A consumer has the right to choose his or her own home inspector in a transaction. True / False
34. Home inspectors no longer have to be licensed in Washington State. True / False

35. The purpose of a home inspection is to access the condition of the residence at the time of the inspection. True / False
36. A licensee must disclose in writing any familial relationship with a home inspector before any inspection occurs. True / False
37. A business relationship that must be disclosed includes one where the home inspector did an inspection on the agents home. True / False
38. In SOME instances, licensees did not recommend quality home inspectors and compel clients to choose from an “approved list.” True / False
39. As long as a licensee recommends at least 3 home inspectors, no written policy must be followed. True / False
40. The Department of Licensing wrote a policy for referring home inspectors and all designated brokers must follow it. True / False
41. A licensee must have approval from the Designated Broker to be performing property management duties. True / False
42. As long as a licensee doesn’t accept money from a tenant, he/she doesn’t have to report property management to the firm. True / False
43. If a licensee performs property management functions, the designated broker has liability. True / False
44. A licensee performing property management functions, must know what funds must be considered trust funds. True / False
45. All trust funds for property management must be deposited into the firms bank trust account. True / False
46. A licensee can advertise and show properties for rent without the Firms knowledge only if the licensee does not accept money. True / False
47. Properties managed by a Firm or a Broker in a Firm, must have a written management agreement. True / False
48. A Firm’s property management agreement must contain the type of property and the number of units. True / False
49. A licensee can help a seller rent an unsold listing without providing copies of the contract to the Designated Broker. True / False
50. The Core Curriculum AND the Transition class are required for all licensees for their first renewal after July 2010. True / False

You must attach this to the Mandatory Evaluation and return to Professional Direction with tuition to get clockhours.

Your name _____ Signature _____ Date _____

Mandatory Evaluation

Did you read the material in the booklet on this date? YES / NO

Did you complete the quiz and attach answer sheet? YES / NO

Did you enclose Tuition (\$30 for 3 hrs) YES / NO

Did you fill out and sign this form? YES / NO

Paid by Check or Visa/MC # _____ exp __/__/____print clearly PayPal avail on website!

Why did you choose to take this course? Topic? Time? Cost? Ease? Other?

A "clock hour" is 50 minutes. This 3 hour class should take about 2 hrs 30 min. How long did it take you to complete the course? _____

	No			Yes	
Will the material you learned improve your performance?	1	2	3	4	5
Were the course materials easy to follow?	1	2	3	4	5
Were the course materials relevant to your profession?	1	2	3	4	5
Were your objectives met by attending the class?	1	2	3	4	5

What are 3 things that you learned from the course?

1. _____ 2. _____ 3. _____

Current Issues Core Curriculum 2010-2011		
Print Name CLEARLY	Signature	Company
Address	City Zip Code	Phone
Twitter name @	Email	
License Renewal Date	Date Class taken	Notes

Thanks for taking this class! I really appreciate the agents that take clockhours from my school! I am always working on my classes and writing new ones!

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www.clockhours.com