



RECAD AMENDMENTS

Synopsis of Act 98-618

Effective August 1, 1998

Enforcement for Compliance Begins January 1, 1999

This bill has amended Sections 34-27-81 and 34-27-82 of the Code of Alabama 1975, the Real Estate Consumer's Agency and Disclosure Act, to change the name of the term "contract broker" to "transaction broker" and to clarify the definition.

Amended Section 34-27-81 of the Code of Alabama 1975 as follows:

~~"(8) (17) CONTRACT TRANSACTION~~ BROKER. A licensee who assists one or more parties in a contemplated real estate transaction without being an agent or fiduciary or advocate for the interest of ~~any that~~ party to a transaction."

Amended Sections 34-27-82(b) and 34-27-82(d) of the Code of Alabama 1975 as follows:

"(b) At the initial contact between a licensee and the ~~public~~ consumer and

until ~~the~~ such time a broker enters into a specific written agreement to establish an agency relationship with one or more of the parties to a transaction, the ~~broker~~ licensee ~~shall be considered to be a contract broker and~~ shall not be considered an agent of that consumer ~~any party in the transaction~~. An agency relationship shall not be assumed, implied, or created without a written bilateral agreement establishing the terms of the agency relationship."

"(c) As soon as reasonably possible and before any confidential information is disclosed to any other person by a licensee, the licensee shall provide a written disclosure form to a consumer for signature describing the alternative types of brokerage services, as identified in subsection (a), that are available to clients and customers of real estate brokerage companies. The licensee shall also inform a consumer as to the specific types of brokerage services that are provided by his or her company. A broker shall not be required to offer or engage in any one or in all of the alternative brokerage arrangements specified in subsection (a). The licensee will provide a written form to the consumer for their signature describing the alternative types of brokerage arrangements available. All rental or property management services are excluded from the requirements of this subsection."

"(d) A licensee shall not be required to comply with the provisions of subsection (c) when engaged in transactions with any corporation, non-profit corporation, professional corporation, professional association, limited liability com-

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NOTICE

YOU SHOULD RECEIVE YOUR
1999-2000 REAL ESTATE LICENSE
RENEWAL NOTICE BY AUGUST 1, 1998

August 31, 1998 is the deadline for:

- Continuing Education
- Errors & Omissions Insurance
- Renewal Fee

Check Your Real Estate License Status:

<http://www.arec.state.al.us>

pany, partnership, any partnership created under the Uniform Partnership Act (commencing at Section 10-8A-101, Code of Alabama 1975), real estate investment trust, business trust, charitable trust, family trust, or any governmental entity in transactions involving real estate.”

Amended Section 34-27-8(c) of the Code of Alabama 1975 as follows:

“(c) Each offer to purchase prepared after the effective date of the act amending this code section shall have prominently displayed the following AGENCY DISCLOSURE clause which shall be completed and initialed as indicated:

~~“AGENCY DISCLOSURE:
 “Print name of listing company
 “The listing company is an agent of (check one):
 “Seller
 “Purchaser
 “Both parties as a limited consensual dual agent
 “Neither party and is acting as a contract broker
 “Print name of selling company if any
 “The selling company, if any, is an agent of (check one):
 “Seller
 “Purchaser
 “Both parties as a limited consensual dual agent
 “Neither party and is acting as a contract broker~~

~~“Seller(s) initials Purchaser(s) initials
 “The listing company is:
 “(Two blocks may be checked)
 “An agent of the seller.
 “An agent of the buyer.
 “An agent of both the seller and buyer and is acting as a limited consensual dual agent.
 “Assisting the buyer seller as a transaction broker.
 “The selling company is:
 “(Two blocks may be checked)
 “An agent of the seller.
 “An agent of the buyer.
 An agent of both the seller and buyer and is acting as a limited consensual dual agent.
 “Assisting the buyer seller as a transaction broker.”~~ ■

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New Commission Staff Members



Anne Funderburk
 Extension 437



Anna Allen
 TDD/TTY (334) 396-0064



Brett Scott
 Extension 426

Three new staff members have joined the Real Estate Commission recently. They are a welcome addition and will help with providing better service to our licensees and the public.

In the Administrative department, Anne Funderburk serves as assistant to the Executive Director, supervising and performing a variety of administrative duties. Also in the administrative department,

Anna Allen serves as clerical support for all departments of the Commission. She works primarily with the license imaging system that converts paper documents to electronic records.

The Data Systems department now has Brett Scott working as Distributed Systems Technician. He is responsible for the installation and support of personal computer equipment, software and local/wide area network activities. ■

Alabama Real Estate Commission Errors and Omissions Insurance Group Update

By: D. Philip Lasater, Executive Director

The state of Alabama real estate licensee group professional liability insurance established by the mandatory coverage has been in existence for almost five years. The Real Estate Commission is not in the insurance business. It is responsible, however, to make sure that a group policy is available for every active Alabama licensee and that Errors and Omissions insurance coverage is certified for active licensure.

The Commission contracted with Williams Underwriting Group to administer the program in Alabama. St. Paul Fire and Marine Insurance Company has been the program carrier since the program's inception. A little group history shows that the premium with St. Paul Fire and Marine Insurance Company was initially \$72.00 per year, then it increased to \$75.00 and then to \$97.00. There were four \$100,000 claims paid out in the first two years of the Alabama program. As of this time it is more than all other states have incurred together in all the years state mandated programs have been in existence.

Licensee program participation has increased from just over 8,000 in 1994 to 12,416 in 1998. Since 1993 the total number of claims made were 478; 151 of these remain open and 327 are closed. St. Paul Fire and Marine Insurance Company paid out 1.8 million dollars in claims and additionally paid out 1.65 million dollars to defend all claims.

Due to the amount of these losses and the statutory premium cap of \$100.00, St. Paul Fire and Marine Insurance Company elected not to submit a proposal last January for the contract that takes effect October 1, 1998. USF&G submitted a proposal that resulted in a contract for coverage to continue at \$100.00 per year.

In the meantime, St. Paul Fire and Marine Insurance Company bought USF&G and the two have merged. The net result is that Alabama group coverage will continue with St. Paul. The primary program differences are that the deductible is

\$1,000 per claim limited to \$2,000 per claim per firm. Also, the licensee will no longer have the option to consent to settle.

The Commission has been told that it takes about five years for a group program "to season" and that the experience of the group to date is pretty much what can be expected from this point forward. If this is true, premiums should level as do claims and defense payouts. It should be noted that the factors that impact the insurance market in Alabama are not controlled by real estate regulation.

The group concept makes insurance more available and more reasonable than many knew prior to its inception, however, it does not mitigate all the market factors that come to play in the Alabama arena.

The public and licensees have been well served in that remuneration has been there for those inadvertent errors and omissions and licensees have had access to basic coverage at more than affordable premiums. Assessment and evaluation of the mandatory program will be undertaken by Commissioners and other real estate leaders in the next few months. Developments will be reported as they are known.

Additional information, enrollment forms and supplemental applications may be obtained by contacting the following:

**Errors & Omissions Insurance
Program Administrators**

Williams Underwriting
Group of Alabama, Inc.
P. O. Box 2693
Huntsville, AL 35804-2693
Watts Line: 1-800-400-9534
Phone: 256-883-0650
Fax: 256-883-0653

Williams Underwriting Group Inc., Hqt.
P. O. Box 769
Jeffersonville, IN 47131-0769
Watts Line: 1-800-222-4035
Phone: 812-284-2321
Fax: 812-284-3252

Group Errors and Omissions Liability Information

October 1, 1998-October 1, 2000

Under Alabama Real Estate License Law each licensee must provide evidence to the Alabama Real Estate Commission of compliance with the Errors and Omissions Liability requirement in order to obtain or renew his or her license. The required limits of liability, as established by the Alabama Real Estate Commission, are as follows:

100,000	license/occurrence
300,000	annual aggregate/license
1,000	deductible/licensee/occurrence
2,000	deductible/firm/occurrence

Defense expenses apply per license and are not included in the limits of liability. In fact, defense expenses are unlimited.

Every license that you wish to obtain or renew is subject to the Errors and Omissions requirement. Proof of Errors and Omissions insurance must be submitted to the Alabama Real Estate Commission before an active license can be issued. If you hold more than one license; for example a broker, a qualifying broker, and a corporation license, you must submit an enrollment form and payment for all three licenses in order to be in compliance with the law.

The program administrators will guarantee certification of coverage to Alabama Real Estate Commission for enrollment forms and premiums received prior to July 31, 1998. The administrators will certify coverage on a daily basis after the guarantee date, however, you could run the risk of late certification and become subject to penalties as provided by the law. The administrators will not be responsible for any delay in the issuance of a license where enrollment forms and payments are received after July 31, 1998.

For immediate certification, the Administrator requests that your payment be in the form of a money order, cashier's check or certified check. This is not a requirement under any statute, however, personal checks submitted are subject to being held ten days

for clearance which could result in a delay of your license issuance. All returned items will be assessed a \$20.00 service fee. The Administrator will not be responsible for late or delayed certification if payment is not in the form of certifiable funds.

The two year prepaid Errors and Omissions premium amount is \$200.00 per license. If you hold more than one license, you must pay the premium amount for each license.

Premium Examples:

Salesperson	\$200.00
Broker & Corporation	\$200.00 x 2 = \$400.00

Questions and Answers

• Where does coverage apply?

This policy applies worldwide, provided that “claim” is made and “suit” is brought within the United States of America (including its territories or possessions) Puerto Rico or Canada.

• When must claims or potential claims be reported?

If an incident happens that may involve liability protection provided by this policy the incident must be reported as soon as possible during the policy period or during an extended reporting period in order for coverage to apply.

• Are all real estate licensees required to buy coverage under the group policy?

No. Licensees who do not desire coverage under the group policy may purchase insurance coverage on an individual basis. However, all licensees obtaining coverage other than that provided by the group policy must submit proof of coverage to the Alabama Real Estate Commission, and all coverage must meet the minimum requirements as established by the Commission for equivalency.

• Can individual licensees obtain increased limits?

Yes. Licensees now have the option to purchase an additional limit of \$100,000/\$300,000. The optional limits would sit directly on top of the primary group limits of \$100,000/\$300,000 thus producing combined limits of \$200,000/ \$600,000 per wrongful act.

Note: Statistical and policy information provided by Williams Underwriting Group. ■

BRIEFLY LEGAL

By: Charles R. Sowell, General Counsel

Answer My Telephone . . . Please!

It is a classic version of the old joke. The good news is my telephone rings almost all the time. The bad news is I have to answer it. Yadda. Yadda. Yadda. I like talking to you, but it sure is hectic sometimes. Here are some sample calls with responses. Maybe some will ring a bell with you.

RECAD QUESTION:

I have an agency listing agreement to sell my client’s home. He wants to sign a buyer’s broker agreement with another company to find him a replacement home while my company tries to sell his existing home. It is okay with me, but can he do this? I mean, can he enter into two agency agreements at the same time?

ANSWER: Yes he can. A listing agreement and a buyer’s broker agreement create agency relationships for two separate purposes. One is to sell a property. The other is to buy a property. I have never seen a version of either which would prevent the hiring of two agents at the same time. RECAD certainly does not prohibit it.

ANOTHER RECAD QUESTION:

I am a builder/developer who only sells my own properties. Specifically, I have agents on site in my subdivisions who are there to sell my homes. When potential buyers come to my properties, does this make my on site agents limited consensual dual agents?

ANSWER: My goodness, no. You are both the qualifying broker and the owner of the properties. To put it simply, you should not pretend you do not represent yourself. Your agents should be trained carefully to treat potential buyers as customers. Your company has no agency relationship with them. There might be very rare occasions where you sell a home to a family member or close friend. If the relationship is so close that



you truly cannot treat them as customers, then you will have to act as a limited consensual dual agent, unless they engage a buyer’s broker or an attorney to negotiate on their behalf.

MEGAN’S LAW QUESTION:

I own a home listed with a real estate company. I have relocated out of state. My neighbor has given my listing agent a copy of a notice from the sheriff’s office. This notice has a picture with information on a man who is a criminal sexual offender. He is being released from prison, and is moving into my neighborhood. I really need to sell my home. Does my agent have to tell buyers about this?

ANSWER: There is no law or court case which answers this question. That means we have to make an educated guess. The law on the sale of existing homes in Alabama does say that potential buyers have to be told about defects which could affect the health or safety of a buyer or occupant of the house. You can bet that a family injured by such a person will likely file suit against you, and all agents involved in the sale. If a case like this gets to a jury, and it probably would, I do not think you have to be

a lawyer to figure the likely result. We advise brokers who have listings to get consent of the owner to make the disclosure. If the owner refuses, then the broker and the owner have to decide whether to take the risk. For a broker and the agents involved it means possible loss of their licenses, and the loss of every asset which is not judgment proof. I know of no broker who has taken that risk. I advise you not to take it, either.

NOTE: A sexual offender notification law like ours in Alabama is commonly referred to as Megan's Law. This is because of a tragic, terrible crime committed by a recently released sexual offender some years ago in New Jersey, I believe it was. His victim was a little girl. Her name was Megan. His prior victims were children. No law gave notice to the neighborhood of his release. Public outcry lead to the enact-

ment of notification laws in many states. Alabama's Community Notification Act is at Section 15-20-20 Code of Alabama 1975, as amended. In an interesting move some other states have made it law that real estate licensees have no duty to disclose this information.

CONTINUING EDUCATION QUESTION:

I took my license law class and mailed in my certificate yesterday showing the three hours. I checked your web site today, and do not see my credit for these hours. What is the problem?

ANSWER: It takes a couple of days for us to get mail. CE certificates are like bananas, they come in bunches. It takes us a while to get them processed and scanned into the computer. Usually it is two to five working days from the time we get the certificate before it is posted

online. The database from which you access them online is updated every 24 hours on our web site.

Here are some calling tips to help us serve you. I share our division's calls with our investigators, David Erfman, and Charles (Chuck) Kelly. They take as many as I do. If your call is really not for us, try to direct it to the correct division, i.e., licensing, education, etc. Please be patient as we get to you. If you are not a qualifying broker or manager, consult them about your problem before you call. Do not suggest that someone with any real estate related problem call us. We are only here to answer your questions about license law, and to take complaints about licensee activity from the public.

I do enjoy visiting on the telephone. Thanks to the many of you who make it that way.



**DISCIPLINARY ACTIONS TAKEN
February Through May 1998**

Name: Sherry D. McInnis, Qualifying Broker, Saraland, Alabama

Date of Hearing: March 20, 1998

Disposition: Ms. McInnis was found guilty and a formal reprimand issued for violation of the Code of Alabama 1975, as amended, Section 34-27-36(a)(8)b. by failing to, within a reasonable time, properly deposit and account for, in a separate federally insured account or accounts in a financial institution located in Alabama, all funds coming into her possession that belonged to others by commingling money belonging to others with her own funds.

Name: Wesley Winchell Acee, III, Inactive Salesperson, Gadsden, Alabama

Date of Hearing: March 20, 1998

Disposition: Mr. Acee found guilty and a formal reprimand issued for violation of the Code of Alabama 1975, as amended, Section 34-27-36(a)(19), by failing to comply with Section 34-27-

31(j) and 34-27-31(k) by failing to give the required notices to the Commission; Section 34-27-32(a)(23)a., by pleading guilty to a crime of moral turpitude. His application for a broker's real estate license was denied until such time as a period of probation is completed.

Name: Barton C. McManus, Temporary Salesperson Applicant, Dothan, Alabama

Date of Hearing: March 20, 1998

Disposition: Mr. McManus was found guilty and fined \$250 for presenting a check to the Commission which was returned unpaid by the bank in violation of Section 34-27-36(a)(16) of the Code of Alabama 1975, as amended.

Name: Kay S. Hasting, Inactive Temporary Salesperson, Huntsville, Alabama

Date of Hearing: March 20, 1998

Disposition: Ms. Hasting was found

guilty and fined \$250 for presenting a check to the Commission which was returned unpaid by the bank in violation of Section 34-27-36(a)(16) of the Code of Alabama 1975, as amended.

Name: Everett S. Brooks, Jr., Qualifying Broker and Instructor, Huntsville, Alabama

Date of Hearing: May 1, 1998

Disposition: Mr. Brooks was found guilty and fined \$750 and his instructor's approval was suspended for one year for violation of the Code of Alabama 1975, as amended, Section 34-27-36(a)(26) by exhibiting conduct which demonstrates dishonest dealings, bad faith, or untrustworthiness; Section 34-27-36(a)(19); and Rule 790-X-1-.17(d) for a real estate instructor to be found guilty of violating any provision of the Alabama Real Estate License Law.

(Continued on page 12)

FROM THE DIRECTOR

By: D. Philip Lasater, Executive Director

DEADLINES

*Hey, I will just say up front this is “preachy”!
But, recent experience tells me it needs to be said.*

Big deadline coming up August 31, 1998. Renewal fees, continuing education certification and errors and omissions insurance certification are due. That is the deadline. After the deadline monetary penalties and out of business penalties go into effect.

The very early meaning of deadline was a line drawn in a prison beyond which prisoners could not go or they would be shot, hence dead line. The meaning then expanded to the more customary understanding as the time limit for payment of a debt or completion of an assignment.

That August 31 is the deadline is no secret and be assured it will come. One of the nondiscriminating facts about an administrative law agency like the Real Estate Commission is that the application of the law is designed deliberately to be impersonal and nondiscriminating. This is so that preferential treatment is not given to some and denied to others. Likewise, there is no provision in the law for

exceptions to be made for extenuating personal circumstances. In other words, licensees are guaranteed by the law to be shielded from arbitrary treatment and decisions effecting their license and in turn are not given consideration beyond what the statute expressly states as the terms and conditions for obtaining and maintaining a license.

It is further the legal requirement of the Commission to enforce the deadlines the legislature has enacted. There has been far too much renewal noncompliance the last two renewal periods. This has resulted in thousands of licenses being placed inactive due to a renewal fee, continuing education certification or errors and omissions certification deficiency.

For the most part, these inactivated indignant belligerent licensees saw no responsibility or accountability on their part to have met the deadline and avoided the penalty. All consideration and benefit of doubt is given to licensees when errors occur that are not attributable to their

actions or inaction. For those that loathe the cost and expansion of government, compliance with the laws and regulations is the best way to minimize the cost of government. For \$35 and \$45 a year, licensees in Alabama support a staff of about twenty-two people who handle the obligations under the law for licensing and regulating real estate in Alabama. A ten to twenty percent noncompliance rate, which results in mass license inactivation, impacts the Commission’s operation for every transaction that anyone has an interest. How many telephone lines and how many staff members would it take to handle the irate licensees who are being penalized for failure to meet the requirements for renewal within the deadline? Callers who cannot get a call through or reach a “live” person, whether they are offending licensees wanting to instantly be reinstated to do business or brokers who did what they were supposed to do but because of noncompliance have a new applicant held up, are impacted by licensee irresponsibility.

Compliance is the responsibility of each licensee. Qualifying Broker supervision expectations include making sure licensees are meeting their responsibilities within the prescribed time frames of the law. If everyone could only know all the excuses offered up about why it is “not their fault” they couldn’t meet the deadline, it would be downright humorous.

Deadlines are a reality-an everyday fact of life. Missing deadlines has consequences. Enforcing deadlines is our job and we do it. Meeting deadlines is something you do have control over. Be strongly encouraged to meet them. We do not want you involuntarily put out of business. ■

NOTICE

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REAL ESTATE LICENSE RENEWAL NOTICE
BY AUGUST 1, 1998**

August 31, 1998 is the deadline for:

Continuing Education • Errors & Omissions Insurance • Renewal Fee

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<http://www.arec.state.al.us>

Alabama Real Estate Commission

Your 1999-2000 License Renewal Notice

**Deadline for Continuing Education, E&O Insurance and Renewal Fee is
August 31, 1998**

🔗 1998 Renewal requirement is in accordance with *Code of Alabama* 1975, Section 34-27-35

No Change to License can be made on this form. *Code of Alabama*, RULE 790-X-2.16

You may use this form ONLY if you do not receive your renewal notice by August 1, 1998.

For Salesperson License:

You pay \$75.00 ➔ on or before August 31, 1998
 You pay \$140.00 ➔ September 1, 1998 through September 30, 1999

For Broker License:

You pay \$95.00 ➔ on or before August 31, 1998
 You pay \$160.00 ➔ September 1, 1998 through September 30, 1999

For Corporation, Partnership, & Branch License:

You pay \$70.00 ➔ on or before August 31, 1998
 You pay \$135.00 ➔ September 1, 1998 through September 30, 1999



**Alabama Real Estate Commission
1201 Carmichael Way
Montgomery, Alabama 36106-3672**

**Complete and remit this portion with your payment.
Make check(s) payable to ALABAMA REAL ESTATE COMMISSION**

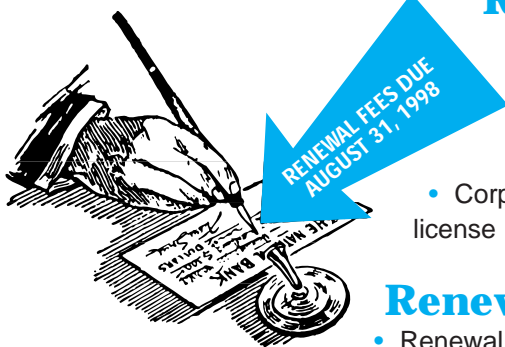
LICENSEE	COMPANY
LICENSE NUMBER _____	LICENSE NUMBER _____
NAME _____	NAME _____
ADDRESS _____	ADDRESS _____
CITY _____ ST _____ ZIP _____	CITY _____ ST _____ ZIP _____

HIGHLIGHTS: The 1999-2000 Renewal

1998 RENEWAL REQUIREMENT IS IN ACCORDANCE WITH CODE OF ALABAMA 1975, SECTION 34-27-35 and Rule 790-X-2-.16

Renewal Information

- All permanent licenses will expire on September 30, 1998.
- Renewal forms will be mailed by August 1, 1998.
- Licensees should notify the Commission if renewal form is not received by August 10, 1998.
- NO CHANGES of any description are permitted on the renewal form.
- Personal checks, business checks, cash or any certified funds are acceptable forms of renewal payment.



Renewal Fees

- Salesperson license is \$75 on or before **August 31, 1998**.
- Broker license is \$95 on or before **August 31, 1998**.
- Corporation, Partnership, and Branch license is \$70 on or before **August 31, 1998**.

Renewal Penalty

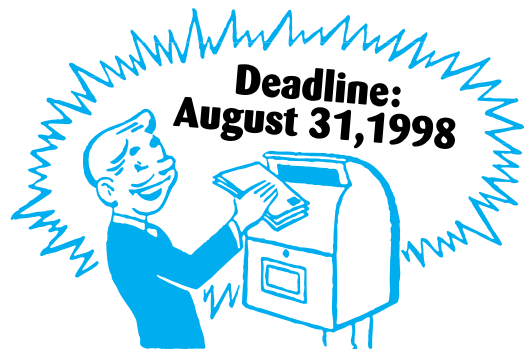
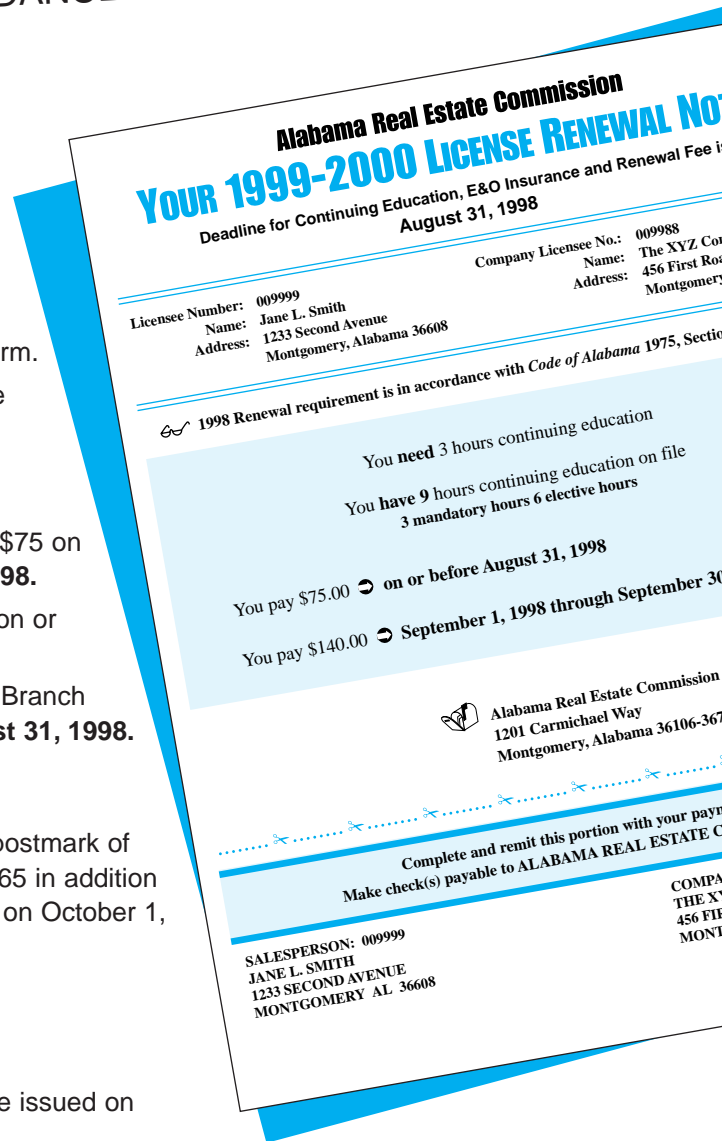
- Renewal fees received with a US postmark of **September 1, 1998**, and after will be subject to a penalty fee of \$65 in addition to the renewal fee, and license will be renewed on inactive status on October 1, 1998.

Inactive Licenses

- Inactive licenses must be renewed the same as an active license.
- An inactive license prior to renewal will result in an inactive license issued on October 1, 1998, after having paid renewal fees.
 1. To have your 1999-2000 real estate license issued to active status, submit to the Commission proof of completion of 12 hours Continuing Education, proof of Errors & Omissions Insurance, a completed activation form and \$25 activation fee after October 1, 1998.
 2. Reactivation prior to October 1, 1998, will require an additional 12 hours of Continuing Education to renew a license on active status for the upcoming license period.

Temporary Salesperson Licenses

- Temporary Salesperson licenses are not subject to renewal.



ewal

Active Licenses

- Renewal forms & fees, appropriate Continuing Education certificates and proof of Errors & Omissions Insurance are all due in the Commission office by August 31, 1998, in order to have an active license issued on October 1, 1998.
- Receipt of any of the above postmarked after August 31, 1998, by the US Postal Service will result in a license being issued on inactive status on October 1, 1998, and will be subject to reactivation requirements.
 1. Reactivations shall be processed in the order received as evidenced by postmark or delivery date. Certified or registered mail shall not be used for reactivation in these cases.

Reciprocal Licenses

- Reciprocal licensees may submit proof of Continuing Education by submitting a copy of their active license in another state or a Certification of Licensure indicating that they hold an active license in another state.
- Reciprocal licensees may submit proof of Errors & Omissions Insurance by submitting a Certification of Licensure documenting membership in a "Group Errors & Omissions" program. Otherwise, licensees must submit a Certification of Coverage form.

Company Licenses

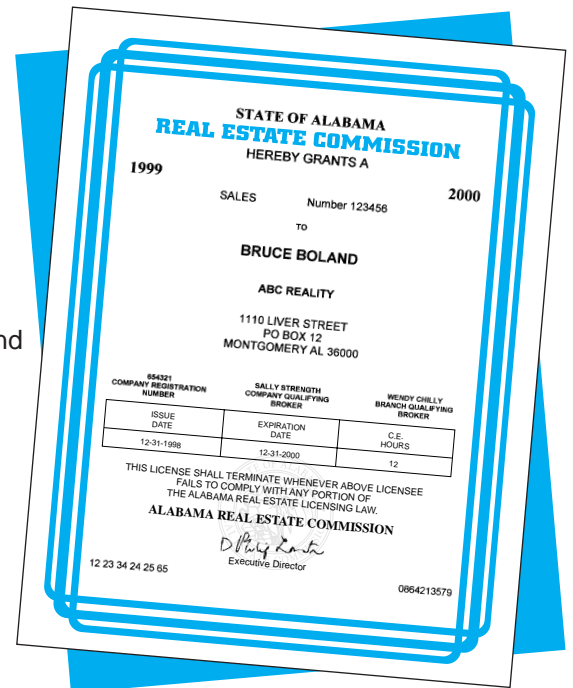
- A company will be placed inactive on October 1, 1998, if the following requirements are not met:
 1. Company license fees and Errors & Omissions Insurance submitted by August 31, 1998, (this does not pertain to Sole Proprietorships).
 2. Qualifying Broker's renewal fee, appropriate Continuing Education certificates and proof of Errors & Omissions Insurance submitted by August 31, 1998.

Branch Licenses

- Branch offices will be placed inactive on October 1, 1998, if all of the following requirements are not met:
 1. The parent company (corporate or partnership) license fees and proof of Errors & Omissions Insurance for the parent company (corporation or partnership) submitted by August 31, 1998.
 2. Qualifying Broker for the parent company (corporation or partnership) license fees, appropriate Continuing Education certificates and proof of Errors & Omissions Insurance submitted by August 31, 1998.
 3. Branch license fee and proof of Errors & Omissions Insurance submitted by August 31, 1998.
 4. Branch Qualifying Broker license fee, appropriate Continuing Education certificates and proof of Errors & Omissions Insurance submitted by August 31, 1998.

Continuing Education

- Active licensees must submit proof of completion of not less than twelve clock hours of approved continuing education course work by August 31, 1998.
 1. Six hours (two courses) Mandatory Courses: License Law, RECAD I, RECAD II, Fair Housing, Handling Trust Funds, Agency Disclosure.
 2. Six hours (two courses) Elective Courses: any approved elective courses.
- No approved continuing education courses can be taken in September 1998.



Alabama Real Estate Research and Education Center News

By: Dr. Len Zumpano, Chair of Real Estate

Who We Are

The Alabama Real Estate Research and Education Center (AREREC) is a state of the art comprehensive research and education facility that is designed to support Alabama's real estate industry and its residential and commercial licensees. Besides undertaking specific real estate research projects and conducting continuing education seminars, AREREC serves as a repository and clearinghouse for local, state, and national information and data that can be made available to licensees in many different formats.

The center utilizes geographic information systems software to generate multi-layered, detailed, economic and demographic maps and statistical profiles for any location within the state of Alabama that can be used in feasibility studies, market area analysis, and industrial location and site selection proposals. Center data can also be used as part of a target marketing strategy. Mailing lists can be developed based on various customer characteristics such as income, location, age, family size, occupation, and other demographic and economic criteria.

Now in its third year of operation, the center is in the process of expanding its services to Alabama real estate licensees. This center news insert is just one of the ways we hope to stay in contact with real estate professionals throughout the state.

ECONOMIC UPDATE

The State's Economy

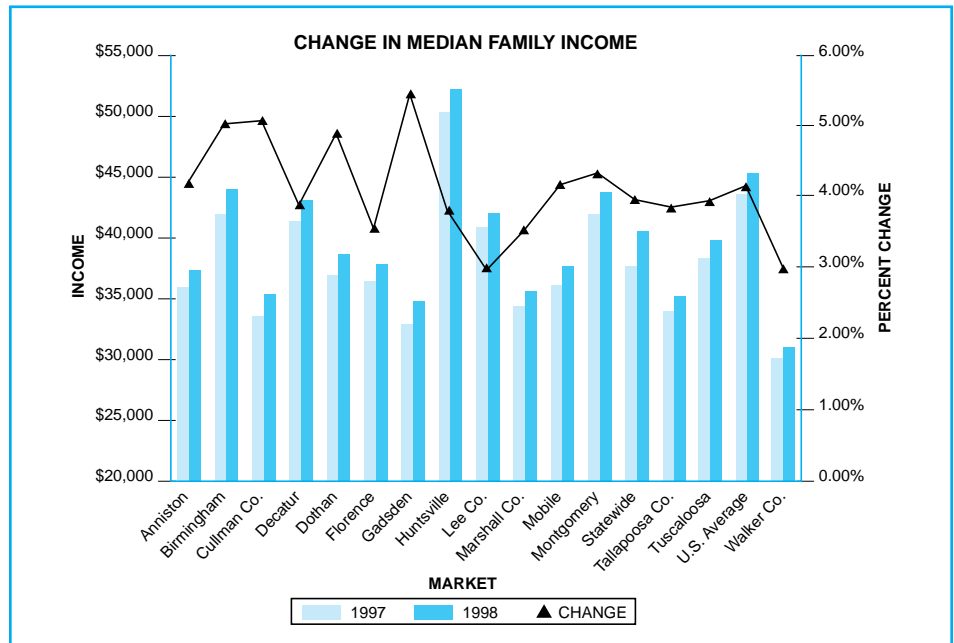
The state's economy as measured by an index of leading economic indicators rose in March, tracking similar gains reported for the Southeast region. The increase in the index reflected an increase in weekly hours worked, a decline in initial unemployment claims, and a strong manufacturing sector performance-reflecting, in part, increased production by Mercedes-Benz and its suppliers. For the year, March 97 to March 98, Alabama's index of leading indicators was up almost 7.5%, second only to North Carolina's index which came in just under 8%. For the region, the increase in the index was around 5%. The rise in the index of leading economic indicators suggests that the state's economy should see continued robust growth over the next 3 to

6 months, which is in line with economic forecasts for the nation as a whole.

Median Family Income Up in 1998

Median family income in Alabama is projected to increase by a healthy 4.3% during fiscal 1998 to \$38,700. In comparison, the US median family income grew by only 4.1% over the same time period and stands at \$45,300. This information comes from the Department of Housing and Urban Development and is reported on an October 1 to September 30 fiscal year basis.

Of the ten metropolitan areas within Alabama, the Huntsville metro area leads the state with a median family income of



\$52,100 for 1998. The Birmingham metro area is a distant second at \$44,000 closely followed by Montgomery at \$43,700. The Gadsden metro area reported the highest percentage increase in family income of 5.44%, at \$34,900, up from \$33,100 in 1997.

Housing Affordability

During the first quarter of 1998 the Alabama Housing Affordability Index (HAI) increased 5.4 percentage points, from 150.4 to 155.8. This is the third consecutive quarter that housing affordability has increased in Alabama. This continues an upward trend in housing affordability that began in 1996 when the statewide HAI stood at 125.5.

The housing affordability index for Alabama is calculated as the ratio of actual median family income to the income required to purchase the statewide average mid-priced home. An index number of 100 indicates that a family earning the median income has just enough buying power to qualify for a mortgage on the median priced, existing single family house, given standard underwriting criteria. The higher the index number, the more affordable the housing. Statewide, Alabama families had over one and a half times the income needed to purchase the average median priced, existing, single family home.

The Huntsville metro area reported the highest housing affordability with an index number of 206, reflecting the fact

that Huntsville has one of the least expensive housing markets and the highest median income in the state. At the other end of the spectrum was the Tuscaloosa metro area, which reported the lowest housing affordability index number at 133 for the first three months of 1998.

Unless tight labor markets and spot shortages trigger inflationary price increases and rising mortgage rates, housing affordability should remain high for the remainder of the year. So far this year we have the best of both worlds as far as the housing market is concerned; existing housing prices rose by an impressive 5.3% during the first three months of 1998, but affordability remains high because of rising incomes and low mortgage interest rates.

Alabama Housing Affordability Index

1st Quarter, 1998 and 4th Quarter, 1997

Metro Area/ County	Median Income	Median Price	L/V 80% @ 7.22%	Monthly Payment	Annual Payment	Required Income	HA Index 1st Qtr 1998	HA Index 4th Qtr 1997
Anniston	\$ 37,500	\$ 78,133	\$ 62,507	\$ 425	\$ 5,102	\$ 20,406	183.8	178.1
Birmingham	44,000	121,667	97,333	662	7,944	31,776	138.5	129.1
Decatur	43,000	99,800	79,840	543	6,516	26,065	165.0	134.7
Dothan	38,700	88,500	70,800	482	5,778	23,114	167.4	177.4
Florence	37,800	75,550	60,440	411	4,933	19,732	191.6	171.7
Gadsden	34,900	71,750	57,400	390	4,685	18,739	186.2	185.0
Huntsville	52,100	96,633	77,307	526	6,310	25,238	206.4	191.6
Mobile*	37,600	105,517	84,413	574	6,890	27,558	136.4	125.4
Montgomery	43,700	100,533	80,427	547	6,564	26,257	166.4	163.8
Tuscaloosa	39,800	114,467	91,573	623	7,474	29,896	133.1	134.9
Cullman Co	35,300	103,544	82,835	563	6,761	27,043	130.5	164.1
Lee Co	42,000	121,833	97,467	663	7,955	31,820	132.0	145.6
Marshall Co	35,500	69,633	55,707	379	4,547	18,186	195.2	156.6
Tallapoosa Co	35,200	124,583	99,667	678	8,135	32,538	108.2	104.9
Walker Co	31,000	68,500	54,800	373	4,473	17,890	173.3	158.9
Statewide Average	\$ 39,207	\$ 96,697				\$ 25,255	155.2	150.4
US Average	\$ 44,222	\$125,800					134.6	131.7

SOURCES: The Alabama Real Estate Research and Education Center, in the College of Commerce and Business Administration, at the University of Alabama and The Alabama Association of REALTORS. National data supplied by the Federal Housing Finance Board and the Research Division of the National Association of REALTORS.

* The Mobile area which is made up of Baldwin and Mobile counties is atypical because of a higher concentration of vacation properties located in Baldwin county. Because these vacation homes have much higher prices than owner-occupied residential properties, the HAI understates housing affordability for the Mobile Metro Area.

Walker county's HAI represents January and February only.

Affinity Programs

The increase in affinity programs over the past few years and the related increase in referral fees have become major concerns of the residential real estate brokerage industry. Affinity relationships provide commission rebates, discounts and other goods and services to individuals who are members of professional organizations, trade associations, unions or companies who have an agreement with a real estate company. Given the increased involvement of the residential brokerage industry, and the billions of dollars potentially at stake it is not an exaggeration to say that the affinity program issue may become one of the most important devel-

opments facing this industry.

Because these programs are not without controversy, the Research Center is undertaking a study of affinity programs. The purpose is to determine whether these programs are a benefit to both consumers and brokers or, as some critics charge, raise the cost of brokerage services and degrade the property services received by consumers. We will be working closely with the Research Division of the National Association of REALTORS over the spring and summer months and will hopefully have a preliminary report of our findings by early fall. We would like to encourage Alabama licensees to share their experiences with affinity programs, both good and bad, with us. This first

hand information will prove invaluable as we undertake this study. Please contact the center, either by letter to P.O. Box 870221, The University of Alabama, Tuscaloosa, AL 35487-0221 or via e-mail at rerec@cba.ua.edu.

AREREC Web-Site

For more information, please visit our web site at cbass3.cba.ua.edu/realmain for timely and informative legal, financial, tax, and real estate market updates. Sample reports and maps are accessible under the geographic information systems heading. We would welcome any reader comments and suggestions for additions to our home page. ■



DISCIPLINARY ACTIONS TAKEN

February Through May 1998

Name: Charles Hunter Burt, Broker, Birmingham, Alabama

Name: Mark A. Aderhold, Salesperson, Cullman, Alabama

Date of Hearing: May 1, 1998

Disposition: Mr. Burt and Mr. Aderhold were found guilty in violation of the Code of Alabama 1975, as amended, Section 34-27-34(a)(2) via Section 34-27-36(a)(19) in that the qualifying broker is responsible to see that the actions of a salesperson licensed under him comply with the law; Section 34-27-35(k) via Section 34-27-36(a)(19), for a real estate temporary salesperson to perform acts which require an active license while his license is on inactive status. They were each fined \$250.

Name: Carmelita C. Hartley, Temporary Salesperson, Loxley, Alabama

Date of Hearing: May 1, 1998

Disposition: Ms. Hartley was found guilty in violation of the Code of Alabama 1975, as amended, Section 34-27-36(a)(16), giving a check to the Commission for a fee which was returned unpaid by the bank on which

it was drawn. She was ordered to pay a \$250 fine.

Name: Gayle Henderson, Broker, Phoenix City, Alabama

Date of Hearing: May 1, 1998

Disposition: Ms. Henderson was found guilty in violation of the Code of Alabama 1975, as amended, Section 34-27-36(a)(16), giving a check to the Commission for a fee which was returned unpaid by the bank on which it was drawn. She was ordered to pay a \$250 fine.

OTHER ADMINISTRATIVE ACTIONS

Salesperson Applications

Approved 2
Denied 1

Broker Applications

Approved 1
Denied 2

Determination for Licensing Eligibility

Approved 3
Denied 1

NOTICE

**YOU SHOULD RECEIVE
YOUR 1999-2000
REAL ESTATE LICENSE
RENEWAL NOTICE
BY AUGUST 1, 1998**

**August 31, 1998
is the deadline for:**

- Continuing Education
- Errors & Omissions Insurance
- Renewal Fee

**Check Your Real Estate
License Status:**
<http://www.arec.state.al.us>

EDUCATION CORNER

By: Pat Anderson, Education Director

What You Need to Know About Continuing Education

The last minute scramble is on. Congratulations to those of you who have already completed your 12 hours of continuing education. Unfortunately, far too many licensees who are reading this have not taken any courses. You have been encouraged along the way to avoid the last minute flurry. Courses have been offered and cancelled for lack of enrollment so the schools have done their part to make good courses available to you. Now it is time to act! By the time you read this, you will have only July and August to meet the requirement if you

want an active license on October 1, 1998. There are plenty of courses available. You should be selective and choose one that will best suit your needs and be the most helpful to you as a real estate practitioner. Yes, there are some required courses, but you have options here too. There are six mandatory courses - License Law, RECAD I, RECAD II, Fair Housing, Handling Trust Funds and Agency Disclosure. You must take at least two of these for a total of 6 clock hours. You may obtain anywhere from 6 to 12 hours from this list. If you wish to take some elective

Instructors' Annual Seminar and Workshops

Auburn Hotel and Conference Center

October 9, 1998
Annual Seminar
8:30 a.m. - 4:00 p.m.

October 8, 1998
Fair Housing Instructors' Workshop
8:30 a.m. - 4:00 p.m.

October 8, 1998
Course Design Workshop for Instructors
8:30 a.m. - 4:00 p.m.

October 9, 1998*
Course Presentation Workshop
8:30 a.m. - 4:00 p.m.

***NOTE:** Instructors who attend the Course Design Workshop on October 8 may attend either this follow-up workshop on October 9 or the Annual Seminar.

October 9 is required attendance for all pre and post license instructors and continuing education instructors who teach any of the mandatory continuing education courses. All other instructors, potential instructors, school directors, registrars, or interested educators are welcome to attend. Registration materials will be sent out in early September. If you are not currently one whose attendance is required and would like to receive registration information, notify the Commission and your name will be placed on a mailing list.

Have You Checked Your Continuing Education Online?



Go to www.arec.state.al.us and click on "License Status". Then click on the letter that appears first in your company name. Companies are listed alphabetically by the first line on your license. If you are licensed as Southern Property Services, d/b/a John Doe Realty, the listing on the web site will be under "Southern" so click on "S". Allow a few minutes for the page to load, more if you have a slower modem, and then scroll down and find your company. All licensees are listed under the company. This has been very popular with licensees.

Other Ways to Check Your Continuing Education Credit

Company or individual lists may be ordered from the Commission by submitting a written request and a \$10.00 fee. Additionally, continuing education credit will be posted on your renewal form. All renewal forms will be mailed out in July. Inactive licensees will receive renewal forms at their home address and active licensee's renewal forms will be sent to the company address. Ask your broker for your form no later than August 1! It is the licensee's responsibility to request a renewal form from the Commission no later than August 10, 1998, if one is not received.

AREC Broker Workshops in July and August!

Register today for one of the Commission sponsored Broker Workshops! The workshop taught in Montgomery last October proved very popular with 100 licensees who took advantage of this wonderful opportunity to learn about topics of interest and network with each other. They learned about broker management responsibilities, handling escrow money, property management, risk reduction and current trends in real estate. The roundtables were enjoyable and beneficial as participants shared concerns and ideas with each other.

On the enclosed registration form (see opposite page), you may choose from three dates and locations. The workshops, taught by the always popular Randy McKinney, GRI, CRB, CCIM and Kay Evans, DREI, GRI, CRB will be offered as follows:

- July 16 AUBURN HOTEL AND CONFERENCE CENTER**
in conjunction with the 5th Annual Education Fair
1:00-5:00 p.m.
- August 11 HUNTSVILLE BOARD OF REALTORS OFFICE**
535 Monroe Street
8:30 a.m.-12:30 p.m.
- August 24 FAIRHOPE MUNICIPAL COMPLEX AUDITORIUM**
161 North Section Street
8:30 a.m.-12:30 p.m.

Participants will receive 3 hours of elective continuing education credit. The workshops are open to all licensees. Enrollment will be limited to the first one hundred registrants.

You can register by completing the registration form and mailing it along with a \$60.00 check to Auburn University on or before the registration deadline (see below). After the registration deadline date, the fee will increase to \$95.00. Also, you may register online by going to the Commission's web site at www.arec.state.al.us and clicking on "Broker Workshop".

Workshop Date	Deadline Date
July 16, 1998	July 1, 1998
August 11, 1998	July 28, 1998
August 24, 1998	August 10, 1998

courses, the list is endless. Instructors have done a good job at developing a variety of courses to meet your interests and needs. Do not wait until the end of August to take your continuing education. Do it now!

**Postmark CE Certificates
No Later than August 31, 1998**

The Commission receives calls from both instructors and licensees who ask if continuing education courses can be taken on August 31, 1998. After having written words of encouragement above, I hesitate to even mention that you can wait this late. You take a great risk by waiting. There may not be room for you in a class or an emergency may arise to prevent your attendance. However, the answer is you will meet the deadline provided that your Certificates of Completion for Continuing Education are **POSTMARKED** no later than August 31, 1998. September 1 is too late. The Commission will consider the postmark date from the US Postal Service only. Those run through your office postage meter will not work. Do not even think about it.

No September Courses

Suppose you wait until August 30 and 31 to take your CE courses and an emergency arises to prevent your taking the course. Should that occur, you will find yourself without an active license on October 1 because the law specifically states that no approved continuing education courses can be offered in September of the final year of the license period. That means licensees who do not comply with the August 31 filing deadline, will not be able to take any courses until October 1 or later. Then it will be necessary to go through the reactivation procedures that may take weeks, not days. Remember, in this case, the certified mail rule is not applicable. Licenses will be activated on a first come, first serve basis and will be processed in the order received. Do not choose to be a part of this unfortunate group! ■

NOTICE

**YOU SHOULD RECEIVE YOUR
1999-2000 REAL ESTATE LICENSE RENEWAL
NOTICE BY AUGUST 1, 1998**

August 31, 1998 is the deadline for:

- Continuing Education • Errors & Omissions Insurance • Renewal Fee

Check Your Real Estate License Status:

<http://www.arec.state.al.us>

REGISTER TODAY!

ALABAMA REAL ESTATE COMMISSION BROKER WORKSHOPS

Thursday, July 16, 1998

1:00 pm - 5:00 pm

**AUBURN UNIVERSITY HOTEL
& CONFERENCE CENTER**

Auburn, Alabama

Registration Deadline:

July 1, 1998

Tuesday, August 11, 1998

8:30 am - 12:30 pm

**HUNTSVILLE BOARD OF
REALTORS OFFICE**

535 Monroe Street

Huntsville, Alabama

Registration Deadline:

July 28, 1998

Monday, August 24, 1998

8:30 am - 12:30 pm

**FAIRHOPE MUNICIPAL
COMPLEX AUDITORIUM**

161 North Section Street

Fairhope, Alabama

Registration Deadline:

August 10, 1998

Workshops qualify for 3 hours of elective CE credit.

REGISTRATION FORM

This registration form may be duplicated and given to colleagues.

Registration open to the first one hundred.

Mr. Ms. Mrs. Dr.

Social Security Number _____

Name (Last) _____ (First) _____ (MI) _____

Name & Affiliation Preference on Name Tag _____

Mailing Address _____

City _____ State _____ Zip Code _____

Home Telephone (_____) _____ Work Telephone (_____) _____

E-Mail Address _____

Check enclosed made payable to: Auburn University. Total fees enclosed \$ _____

AUBURN WORKSHOP

HUNTSVILLE WORKSHOP

FAIRHOPE WORKSHOP

\$60.00 (on or before 7/01/98)

\$60.00 (on or before 7/28/98)

\$60.00 (on or before 08/10/98)

\$95.00 (after 7/01/98)

\$95.00 (after 7/28/98))

\$95.00 (after 8/10/98))

Please charge my: Visa MasterCard

Card No. _____ Signature _____ Expiration Date _____

Mail or Fax To: Auburn University, Outreach Program

100 Mell Hall

Auburn, Alabama 36849-5608

Phone: (334) 844-5101

Fax: (334) 844-3101

Online Registration: www.arec.state.al.us

**NO CANCELLATION, BUT SUBSTITUTION
ALLOWED AT ANY TIME.**

If you desire overnight accommodations at the Auburn University Hotel & Conference Center, call 800-228-2876 and ask for the Real Estate Conference rate.



State Of Alabama
REAL ESTATE COMMISSION
1201 Carmichael Way
Montgomery, Alabama 36106

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GET IT WHEN YOU WANT IT: FAX ON DEMAND

Fax-on-Demand is available at the Real Estate Commission. This service allows us to make forms and information available 24 hours a day, 7 days a week to anyone with a fax machine. Forms and information can conveniently be obtained via fax by simply dialing the Real Estate Commission's direct telephone number (334) 242-5544. Once connected to the Commission's voice mail system, a recorded greeting will instruct you to dial seven to hear the menu of available forms. To make a selection from the menu, dial the corresponding form number, next enter the number one, your area code and fax number followed by the star key. That's it, your information will be sent immediately. So make the call or check the Commission's web site at www.arec.state.al.us and get forms when you want them.

Please note that documents can not be faxed to the direct telephone number. The Commission's fax number is (334) 270-9118, please use this number to send fax documents to the Commission.

Fax-on-Demand forms and information are as listed:

- 1** Registration Form (for license transfers)
- 2** Application For License Activation
- 3** Reciprocal Salesperson Application
- 4** Reciprocal Broker Application
- 5** Multiple or Second Broker or Temporary Broker Application
- 6** Corporation, Branch, or Partnership Application
- 7** Errors and Omissions (E&O) enrollment/
for St Paul-Williams Underwriting Group Insurance
- 8** Certification of Coverage Errors and Omissions
(E&O) for optional insurance
- 9** List of Alabama Licensing Requirements

