

Instructor and School Renewals

Online renewals are now here for instructors and schools. Commission rule states that if online renewals are available then instructor and school approvals must be done online. Paper renewals will NOT be mailed or provided.

To accomplish renewal, go to the Commission web site at www.arec.state.al.us. Click on Online Services and follow the instructions.

Instructor Renewals: Each instructor must renew his or her own approval. To access your record, enter your license/approval number, the last four digits of your social security number and your date of birth.

School Renewals: Each school administrator must renew the school approval. The **school administrator** must enter the school license number, the last four digits of your social security number and your date of birth. If any school is unaware of who is on the Commission's record as the school administrator, contact the Commission's education division. There is no fee for school renewal. Beginning

October 1, 2003, instructors may teach courses for credit only at schools whose approval has been renewed.

Locating License Numbers: If instructors or school administrators need to look up either the instructor or school license number, you will be able to do that on the "License Search" area of the Commission's web site. On the license search screen, put in the **first name only** of the school and choose your school from the list.

Important Dates: Online renewals will be available in early August. You must complete renewals no later than August 31 in order to have your approval active on October 1, 2003.

Fees: 1) For Instructors: The amount due for each instructor is so noted in individual records. Fees will be paid by credit card. 2) For Schools: NO fee is required for school renewal.

Course Renewals: Course renewals will NOT be accomplished online this approval period. After instructor and school renewals have been



completed, course renewal forms will be mailed out in September to those instructors who renew their instructor approvals. Instructors will then have opportunity to renew some or all of their courses. The course renewal fee for courses which must be renewed is \$50. More explanation regarding course renewals will be mailed to you with the course renewal applications.

Questions?: Contact the Education Division by email and phone as follows: The Commission main number is 334.242.5544. Gloria Ingram: ext. 438-ingram@arec.state.al.us; Ryan Adair: ext. 434-adair@arec.state.al.us; Chris Porter: ext. 422-porter@arec.state.al.us; Pat Anderson: ext. 405-anderson@arec.state.al.us. ☐

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*Advanced Fair Housing Training
October 9, 2003
Annual Instructors' Seminar
October 10, 2003
Auburn Hotel and Conference Center*

months prior to passing the salesperson's exam. If the university does not issue a Course Completion Certificate, the Commission will review the candidate's transcript and send a Certificate of Completion if the courses fulfill the requirements.

The bottom line is all candidates for the salesperson exam are required to bring their original 60-hour Prelicense Course Completion Certificate to gain admission to the exam. As school administrators and instructors, your understanding and cooperation in this matter will be greatly appreciated by the Commission, AMP (Applied Measurement Professionals), test center supervisors and the candidates taking the exam.

♪ Ain't Nothing Like the Real Thing, Baby! ♪

By Ryan Adair, Education Specialist

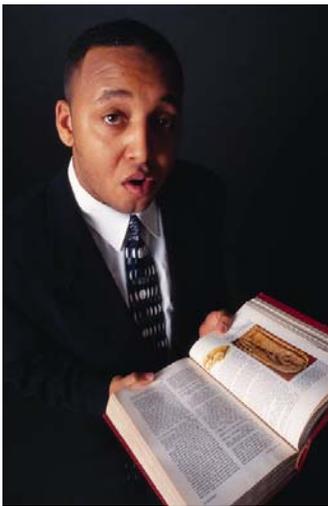
No, we're not talking about Coke. This "real thing" is in reference to the Certificate of Completion for the 60-hour Prelicense course. All candidates for the Salesperson exam are required to bring their 60-hour Prelicense Course Completion Certificate to the test center to gain admission. Page two of the Candidate Handbook states "Prelicense course certificates must be taken to

the test center to be checked by the test center supervisor. You will not be admitted without your original certificate" containing the instructor's original signature. All school administrators and instructors need to be sure to issue an original certificate to all candidates completing your prelicense course and instruct them to take the original certificate (not a copy) to the test center.

There are some candidates who qualify for the salesperson exam by completing college-level coursework. Anyone who completes Principles of Real Estate plus at least one other core real estate course at a Commission approved university may qualify for the salesperson's exam. In order to qualify, exam applicants must have completed at least one of these courses within the 24



Instructor, course and school approvals must be renewed every two years in the odd numbered years.



Rule 790-X-1-.10. Application, Fees and Renewal Requirements for Instructors, Courses and Schools.

(1) Schools and instructors must submit application for approval on forms prescribed by the Commission. Instructors must submit application for elective continuing education course approval on a form prescribed by the Commission. Instructor, course and school approvals must be renewed every two years in the odd numbered years. The approval period shall run from October 1 of the first year of the approval period through September 30 of the second year of the approval period.

(2) School and instructor renewal notices prescribed by the Commission shall be sent to instructors by August 1 of the second year of the approval period. Instructors who do not receive their renewal notices by August 10 must notify the Commission so that a notice may be sent to them. If online renewal is available, instructors must renew their approval online and school administrators must renew their school approval online.

(3) School renewal: School administrators must renew the school approval no later than August 31 of the second year of each approval period. Failure to meet this deadline will result in the school being placed on inactive status. If placed on inactive status, the school cannot enroll any additional students until the approval is renewed.

(4) Instructor renewal: Instructors must renew their instructor approval no later than August 31 of the second year of each approval period. Failure to meet this deadline will result in the instructor being placed on inactive status. If placed on inactive status, the instructor cannot teach any classes until the approval is renewed.

(5) Course Renewal: In order to retain approval for each course, the instructor must submit the renewal fee and file an updated outline and learning objectives with the renewal form. Courses which are not renewed by the deadline set forth by the Commission will be deleted from that instructor's list of approved courses. Once a course is deleted, it is subject to all requirements of new courses and cannot be offered until written approval has been received from the Commission.

(6) Fees: The initial fee for instructor approval shall be \$50 per year or any portion thereof except that instructors who teach only elective continuing education shall pay an initial fee of \$25 per year or any portion thereof. The fee for instructor renewal shall be \$100 for the two year approval period. For those who teach only elective continuing education the fee shall be \$50 for the two year approval period. The initial course review fee shall be \$100. The fee for course renewal shall be \$50 per course for the two year approval period. An initial course constitutes either one being submitted for the first time or an existing course which incurs substantial changes as determined by the Commission.

(7) Instructors who teach only courses listed in Rule 790-X-1-.11(5)(a),(b),(c) and (e) or Rule 790-X-1-.21 shall not be required to pay either the initial instructor or course application fee or the instructor or course renewal fee.

(8) Deadline for Renewal: Schools and instructors must be renewed on or before August 31 of the second year of each approval period in order for the respective approval to

be renewed on a timely basis for the following approval period.

(9) Failure by instructors to meet the August 31 deadline shall result in approval being terminated until the instructor meets all renewal requirements. If renewal requirements are not met by September 30 of the first year of the next approval period, the approval may not be renewed and the instructor must apply as an original applicant and meet all requirements applicable to new instructors.

(10) Failure by the administrator of an approved school to meet the August 31 filing deadline will result in the approval for that school being terminated until renewal requirements are met. If renewal requirements are not met by September 30 of the first year of the next approval period, the approval may not be renewed and the administrator must submit a new school application and meet all requirements applicable to new schools.

(11) All instructors, except those who teach only elective continuing education courses, must attend the annual instructors' seminar in order to retain approval. For absences due to an approved hardship or emergency, the Commission may specify another training program in order to meet this requirement.

Author: Alabama Real Estate Commission

Statutory Authority: Code of Ala. 1975, §§ 34-27-6; 34-27-8.

Amendments presented at Public Hearing on March 21, 2003 were adopted by the Commission on April 25, 2003 and became effective on June 5, 2003.

New Law Change-Save on Your Taxes

By Charles R. Sowell, General Counsel

Governor Riley signed Act 2003-298 into law on June 18, 2003. Among other things the act changed Section 34-27-36(a)(11) of the Alabama Code. The change is very narrow. It is also very simple. I am going to try to explain it as simply as possible. Here is the underlined text of the change so the amendment is easy to see.

... *The Commission shall revoke or suspend the license or impose a fine...or reprimand the licensee in each instance in which the licensee is found guilty of any of the following acts: (11) Paying any profit, compensation, commission, or fee to, or dividing any profit, compensation, commission, or fee with, anyone other than a licensee or multiple listing service. This provision shall not prevent an associate broker or salesperson from owning any lawfully constituted business organization, including but not limited to, a corporation or limited liability company or limited liability corporation, for the purpose of receiving payments contemplated in this subsection. The business organization shall not be required to be licensed under this chapter, and shall not engage in any other*

activity requiring a real estate license.

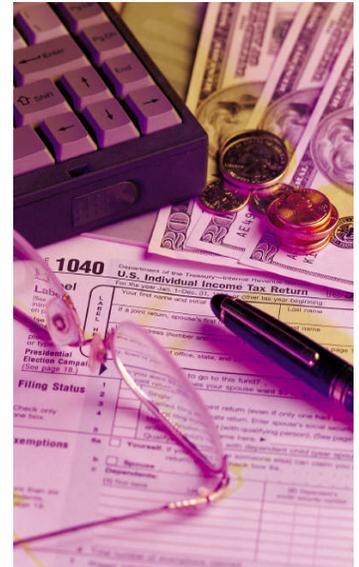
Before this change was made a qualifying broker could only make a commission check payable to the salesperson or associate broker as a person. The problem was that there are certain tax advantages a salesperson or associate broker can derive, if their commission check could be made payable to a business organization they own. Under the old law this could not be done, unless that business organization had a real estate license. Most salespersons and associate brokers did not have the luxury of having a licensed company that could receive their commission payments. This is because a licensed company must have a qualifying broker, a place of business, a RECAD office policy, local privilege licenses, and all the other requirements placed on licensed real estate companies.

As you can see the new law is designed to take care of this dilemma for salespersons and associate brokers. It also makes crystal clear that this business organization has no authority to do anything within

the license law, except to receive commission payments.

Qualifying brokers do not have this problem. They are free under the law to license any business organization they chose to own, and could receive their commissions by way of the business organization to save on taxes. Many qualifying brokers strongly felt that their hard working salespersons and associate brokers should be able to have this tax advantage. The Alabama Association of REALTORS® asked the Commission to support this change in the legislature. The Commission was happy to do it.

We encourage salespersons and associate brokers to see their attorney and/or CPA for tax and business organization advice. Take advantage of this opportunity to potentially save money on your tax return. Qualifying brokers must verify that the business organization has been formed before disbursing any commissions to it. We recommend that a copy of the organization paperwork or a certificate of it be provided to the qualifying broker. ☺



Take advantage of an opportunity to potentially save money on your tax return.

Amendments to Alabama License Law Act 2003-298

On June 18, 2003, Act No. 2003-298 was signed by Governor Bob Riley. It was effective upon passage and was implemented immediately except for the licensing of sole proprietorships as explained in item four below. Act No. 2003-298 contained four main changes to License Law:

1. The repeal of errors and omissions insurance as a mandatory requirement—Section 34-27-35.1. The Alabama Real

Estate Commission will no longer require E&O insurance for activation or renewal of a real estate license. As you are aware the Commission has been unable to secure a group carrier for the last two license periods.

2. The allowance of unlicensed business organizations owned by salespersons or associate brokers to receive commission payments for tax benefit purposes.—Section 34-27-

36(a)(11). Before this act was passed, a qualifying broker could only make a commission payment to a salesperson or associate broker as an individual. This prevented the salesperson and associate broker from enjoying certain tax advantages available if payment was made to a business organization they owned. This amendment allows a salesperson or associate broker to own a "lawfully constituted

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Instructors Only: Your license/
approval number has been
conveniently printed above your
name for renewal of approval.

Amendments to Alabama License Law Act 2003-298

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business organization”, which does not require a license, as long as it only receives commission payments and does not engage in any other activity requiring a real estate license.

3. Continuing Education Offered in September of License Renewal Years—Section 34-27-35(g) and Section 34-27-35(j)(1). This law now permits continuing education to be taught and credit to be earned during September of the final year of the license period (even years). This has been made possible through CE compliance audits versus Commission tracking CE hours for licensees. The license renewal form will be submitted on August 31 and the licensee’s signature will serve as verification that all CE requirements for renewal will have been met by September 30.

4. Licensing of Sole Proprietorships—implementation effective August 1, 2003.—Section 34-27-2(4). Sole proprietorships were added to the definition of a company resulting in them being required to obtain a company license. The fee is presently \$130 since this is the first year of the license period, but will decrease to \$65 on October 1, 2003 as we begin the

second year of the license period. Only new sole proprietorships are currently subject to the requirement to obtain a company license. When licenses are renewed, all sole proprietorships will be required to obtain a company license to comply with this section of License Law.

There are now two applications to accomplish licensing of the four different company structures. One will be a “company application” which shall be used by all new corporations, partnerships and sole proprietorships. The second will be a “branch office application.” Since there are some nuances regarding branch offices which are not present in other company structures, it was decided it would be clearer to put them on a separate application. Both applications may be found on the Commission’s web site at www.arec.state.al.us under “Forms and Applications.”

EXAMS: There will be no questions on licensing exams about any part of License Law which incurred a change. Examinees can expect questions on the License Law amendments described in this article beginning November 1, 2003. Between August 1 and November 1, there will be pre-test questions on the new material but those questions will not be scored.

