



THE UPDATE

ALABAMA REAL ESTATE
COMMISSION
 EMPOWER, CONNECT, AND EDUCATE

SENATE CONFIRMS NEW COMMISSIONER FOR DISTRICT 7



Cindy Denney of Tuscaloosa, Alabama has been appointed by the Governor and confirmed by the Alabama Senate as the new Alabama Real Estate Commissioner for Alabama Congressional District 7. Her term began October 1, 2014 and runs through September 30, 2019.

Commissioner Denney expressed excitement about her new position. "I am excited about the opportunity to serve as Real Estate Commissioner from District 7 and I am honored by the confidence placed in me to serve the people of Alabama in this capacity. Every opportunity given me to serve the Alabama Association of REALTORS® and my local board has been so rewarding. I am certainly looking forward to this one."

Commissioner Denney is the current broker of RealtySouth Tuscaloosa. She has served on numerous committees for the Tuscaloosa Association of REALTORS® (TAR), the Alabama Association of REALTORS® (AAR) and the National Association

of REALTORS® (NAR). She has also served on the Boards of Directors for TAR and AAR. She is a past president of TAR and was TAR REALTOR® of the Year in 2007. She also served two terms as AAR Regional Vice President for the North Central Region.

Commissioner Denney will join the current Commissioners: **Steve Cawthon** (District 5, Huntsville); **J. Reid Cummings** (District 1, Mobile); **Carole J. Harrison** (District 3, Auburn); **Clif Miller** (Industry Member-at-Large, Madison); **Dorothy P. Riggins-Allen** (Consumer Member-at-Large, Montgomery); **Danny Sharp** (District 2, Dothan); **Bill Watts** (District 6, Birmingham); and **Nancy Wright** (District 4, Cullman).

Congratulations, Commissioner Denney, and welcome to the Commission!

of REALTORS® (NAR). She has also served on the Boards of Directors for TAR and AAR. She is a past president of TAR and was TAR REALTOR® of the Year in 2007. She also served two terms as AAR Regional Vice President for the North Central Region.

TERESA D. HOFFMAN

Named New Assistant Executive Director



Congratulations to **Teresa D. Hoffman** on being named the new Alabama Real Estate Commission Assistant Executive Director. Her first official day was September 22, 2014.

Ms. Hoffman worked for the Nebraska Real Estate Commission for 26 years. She began as the Education Director and had served as the Deputy Director for the past 23 years while overseeing the Education and Licensing departments. She was involved in every aspect of administering a regulatory agency including legislation, licensing, and personnel.

Ms. Hoffman has been an active member of the Association of Real Estate License Law Officials (ARELLO) for 26 years. She served on the Board of Directors from 1991-1995 and again from 2007-2011. She was Central District Vice-President in 1996 and 2012, was elected President-Elect in 2002 and President in 2003.

She attended the University of Nebraska, Lincoln, earning a teaching degree and pursuing post-graduate work in curriculum design, vocational counseling and administration.

Welcome to the Commission, Ms. Hoffman!



THE UPDATE IN THIS ISSUE

- **EMPOWERING, CONNECTING & EDUCATING – WITH VIDEO** 2
- **LICENSING REVIEW:**
 - Qualifying Brokers Must Be Registered Under an Active Company License 3
 - Is Your License Active or Inactive? 3
 - Still Have Not Renewed Your Real Estate License? It's Not Too Late! 3
- **EDUCATION CORNER:**
 - CE or No CE? That is the Question 4
 - New Education Rule Amendments Effective October 1, 2014 4
 - Real Estate Top 10 - CE Poll 4
- **BRIEFLY LEGAL:**
 - So You Want to Be a Qualifying Broker? 5
 - The Process of File Maintenance and Trust Fund Accounting 5
 - Consumers Beware of Real Estate Scams 5
- **DISCIPLINARY ACTIONS** 6
 - Other Administrative Actions 7
- **TECHNOLOGICALLY SPEAKING:**
 - Keeping Yourself Organized 7
- **LICENSE UPDATE:** As of October 3, 2014 8

EMPOWERING, CONNECTING & EDUCATING WITH VIDEO

Watch the Commission's new *Introduction: The Alabama Real Estate Commission* video on our YouTube channel at youtube.com/ARECalabamagov. It is the first of several videos that are being produced to inform and educate consumers and licensees. Subscribe to our YouTube Channel today for upcoming tutorial videos.



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Qualifying Brokers Must Be Registered Under an Active Company License

All active qualifying brokers must be registered under a company license that has been renewed with an expiration date of September 30, 2016. Even active qualifying brokers who operate as sole proprietors must be registered under a current and renewed company license in the name of their sole proprietorship at all times.

IS YOUR LICENSE ACTIVE or INACTIVE?

We have some licensees who are performing real estate activities that require an active real estate license but either the company, qualifying broker or both have not met all renewal requirements and, therefore, do not hold an active real estate license. Both the company and qualifying broker must hold an active real estate license in order for them, as well as associate brokers and salespersons registered to their company, to continue to engage in real estate transactions that require a real estate license.

Qualifying brokers must make sure that their license and their company license have met all renewal requirements and the licenses are active. It is possible that qualifying brokers who paid the renewal fees for themselves and the company were placed on inactive status because they have not completed the continuing education (CE) requirements for the 2015-2016 license period. Failure to do so will result in the company, qualifying broker and other licenses registered under that company being placed on inactive status.

Confirm Your Status Through License Status Verification

You can confirm your license status for the new 2015-2016 renewal year by searching License Status Verification on the Commission's website, arec.alabama.gov. Performing this search will confirm whether your license is active, inactive and renewed, or inactive and expired (not renewed). The status of a company license can also be verified using this search feature.

To use License Status Verification select *Professionals* on the main menu of the Commission's website. Go to the *Licensing* section, select *License Search* and then select *License Search Verification*. From this screen you will be able to search by name or license number to locate an individual's or a company's license status. You can also choose the *Advanced Search* option to perform a more detailed search.

Once you locate your individual or company license record you will be able to verify whether the license is active or inactive, renewed and/or current until September 30, 2016 by reviewing the *Renewal Expires* and *License Expires* dates. If both dates read September 30, 2016 then the license is current and renewed. If you renewed your license and find that it is inactive but you anticipated it being active, then you probably did not meet the 15-hour CE requirement by September 30, 2014. If this is the case then you must complete your CE requirements prior to activating your license. The fee to activate an inactive license is \$25. If both dates are September 30, 2014 then the license has expired and has not been renewed.

Temporary salesperson licenses and original licenses issued on or after October 1, 2014 are not renewable for 2015-2016; however, the status of licenses that fall into these categories can still be checked using this search.

Still Have Not Renewed Your Real Estate License?

IT'S NOT TOO LATE!

If you have an inactive license that expired on **September 30, 2014**, you have until **September 30, 2015** to renew the license with penalty to get it back to current status and updated to a **September 30, 2016** expiration date. If you do not renew your license during this grace period it will lapse on **October 1, 2015**. A lapsed license cannot be renewed and you must meet all licensing requirements again if you choose to engage in real estate activities in the future. Therefore, keeping your license renewed and current will prevent it from a lapsed status. This can be to your advantage if real estate-related activities are in your future.





CE or No CE? THAT IS THE QUESTION

Do you know if your license is active or inactive? This is an answer that some active licensees discover months after the license renewal deadline. We find that their broker or salesperson license has been inactive since October 1 yet, they have continued representing buyers and sellers while finalizing real estate transactions. The main reason for the unexpected inactive license usually involves continuing education (CE).

Even though you may have paid your renewal fees, **you must have also completed 15 hours of CE by September 30, 2014.** If CE was not completed and credit received at the Commission by September 30, then your license was issued on inactive status on October 1, 2014.

There are licensees who do not check their CE to verify that the appropriate courses have been taken and the Commission received credit for their courses. There is more of an assumption that CE requirements were met and no verification. As a result, their licenses were placed on inactive status on October 1 even though they paid to renew their licenses.

Also, an unexpected inactivation of a broker or company license could have occurred if a qualifying broker has not successfully completed the renewal process and this can negatively affect all licensees at a company. If you have checked your CE – great! If not, please log in to the Commission’s website and check your record to verify that you currently have an active license. It never hurts to double check and make sure all renewal requirements, including completion of CE, have been satisfied for your 2015-2016 license.



TOP 10 CE POLL

It seems like the attention of almost everyone is on college football from August through late January or early February. With some individuals, their attention is focused on college football for the entire year. Since this issue of *The Update* newsletter is being released in the middle of the college football season, we decided to combine the two. Therefore, for this issue, here are the rankings for the **Top 10 Reasons Licensees Want to Avoid CE.**

10. I know all I need to know.
9. Risk Management? I manage more risks at home than at the office.
8. I learn better on the job than in the classroom.
7. I enjoy taking all 15 hours of CE one week prior to the deadline.
6. Who is C.E.? Clint Eastwood or Carmen Electra? I like them both!
5. You know what they say... "save the best for last."
4. BTW...who needs CE when I have a BS and an MS? OMG!
3. I enjoy the challenge of being uneducated.
2. Steve Jobs and Mark Zuckerberg became rich without a college degree. Who needs CE?

And the number one pick in this poll is...

1. I look forward to sitting in front of commissioners at a hearing and explaining my mistakes.

Feel free to reorganize this Top 10 list since most college football fans wish they could do the same with the national rankings.

New Education Rule Amendments Effective October 1, 2014

At the June 19, 2014 Commission meeting, commissioners voted to adopt new education rule amendments. These amendments became effective on October 1, 2014 and identified the following:

- ▶ Administrators of approved and licensed schools are responsible for the submission of course schedules and course credit for students.
- ▶ Incremental assessments and a final exam must be offered in a salesperson prelicense course.
- ▶ Schools that offer prelicense and post license courses must obtain a school license for each location.
- ▶ Examination eligibility will no longer be submitted to the exam provider by the administrator. All the administrator is required to do is submit course credit to the Commission.

The rules that were amended include 790-X-1-.06, 790-X-1-.07, 790-X-1-.08, 790-X-1-.09, 790-X-1-.17, and 790-X-1-.18. You can access Alabama License Law on the Commission’s website arec.alabama.gov.

So You Want to Be a Qualifying Broker?

The Process of File Maintenance and Trust Fund Accounting

I quite often receive phone calls from licensees saying they have just acquired their brokers' licenses and opened their companies, naming themselves as the qualifying brokers. Now they need to know how to operate a real estate brokerage company. This seems to be putting the cart before the horse, but it happens. Two processes that I see as important for any qualifying broker to be familiar with in order to properly manage a brokerage company are file maintenance and trust fund accounting. One thing to keep in mind is that these topics will be both a mixture of license law and business management. While I do claim knowledge in license law, the business operations issues I've just picked up over the years.

For file maintenance, a recommended process would be to maintain both active and completed filing systems. The active files would contain active listings, buyers' representations files and property management files. These files should be in a searchable database or spreadsheet with all pertinent information available to be searched as well as a serial or file number. Having all information searchable would allow anyone to locate the proper file by seller, buyer, owner, tenant or address. The file number would be a unique number, usually a serial number that uses the year the file was opened then serial numbers that would be applied in order.

For closed files, which you are required by license law to maintain for three years from close, you would pull them out of the active filing system and notate when they may be shredded or otherwise destroyed after that date has passed. It is very important that qualifying brokers make sure that their salespersons and associate brokers are familiar with their file maintenance systems and that they follow the license law requirements of file maintenance.

Trust fund accounting has repeatedly been hashed over for legal requirements and the following has to do with the process and not legal issues found in other articles. There are two

things that qualifying brokers need to do in the process of trust accounting. The first is to make sure that you do not have the same person doing all the accounting steps. That is, the same person should not be receiving funds, depositing funds, accounting for the funds to transactions or individuals and disbursing trust funds. Without the checks and balances of having separate individuals performing some of these functions you are leaving a big hole for someone to steal trust funds. Many qualifying brokers have learned this lesson after a theft and found themselves subject to charges of license law violations or having to reimburse the trust account with their own funds. At a

minimum these functions should be split between two or more people so that if an issue occurs then it can be discovered before too much damage is done.

The second process for trust fund accounting that a qualifying broker should institute is a regular reporting of the trust fund situation. This should almost be like a mini-audit from the Commission. A qualifying broker needs to know two numbers in order to obtain a fair picture of how the trust accounts stand. First, the qualifying broker or a staff member needs to calculate their reconciled bank balance for the trust account. You calculate this amount the same as

(Continued on page 7)

Consumers Beware of Real Estate Scams

By Mandy Lynn, Assistant General Counsel

Though the real estate industry has bounced back significantly, the scams of old still linger. Here is a list of red flags to keep an eye out for to best protect consumers and real estate licensees.

- ▶ **Requests to wire funds.** Many scams will involve electronic wiring of funds. Remember that funds wired cannot be recovered.
- ▶ **Long-distance landlords.** We all know this one. The "owner" is a missionary, U.N. worker or in the military and cannot meet you or a tenant to show the property.
- ▶ **Requests for personal or financial information.** Protect a client's banking account information and social security number. This may seem elementary advice but if scams to access this information didn't occasionally work, the scammers wouldn't keep trying it.
- ▶ **Online real estate sites.** Zillow, Trulia and other online real estate sites are only for informational purposes. They are not involved in any transactions involving buyers, sellers, landlords, renters or lenders.
- ▶ **Typos, misspellings and sob stories.** Emails with multiple misspelled words, British spellings or typos usually come from scammers.

How do you and your clients avoid these potential pitfalls?

- ▶ **Research** the property's history, courthouse records, neighborhood or other party to the transaction if necessary to ensure that everything is as it's presented.
- ▶ **Get carded!** Ask the landlords or verify the identity of the agents if you are unfamiliar with them or their company.
- ▶ **Be wary of unsolicited offers** to buy/sell property.
- ▶ **Use common sense.** If it seems too good to be true, it usually is.



DISCIPLINARY ACTIONS

DISPOSITION

The below were found guilty of violating Section 34-27-36(a)(16) for presenting to the Alabama Real Estate Commission, as payment for a fee or fine, a check which was returned unpaid by the bank upon which it was drawn.

Geraldine Boyd (Deanie) Buck

License No. 000100489

Salesperson; Fairhope, Alabama
Date of Hearing: February 19, 2014

Fined \$250

Jessica Escott

License No. 000067193

Salesperson; Vestavia Hills, Alabama
Date of Hearing: May 22, 2014

Fined \$250

DISPOSITION

The below were found guilty of violating Section 34-27-36(a)(8)b. for failing to deposit and account for at all times funds belonging to, or being held by others in a separate federally insured account by having a shortage of these funds in the trust account.

Betty G. Minor

License No. 000005680

Qualifying Broker; Birmingham, Alabama
Date of Hearing: January 23, 2014

Fined \$2,500 (Fined jointly with Action Real Estate LLC)

Action Real Estate LLC

License No. 000085526

Company; Birmingham, Alabama
Date of Hearing: January 23, 2014

Fined \$2,500 (Fined jointly with Betty G. Minor)

DISPOSITION

The below was found guilty of violating Section 34-27-36(a)(14) for accepting a commission or other valuable consideration for performing any act for which a license is required from any person except his qualifying broker.

James Richard (Jim) Howard

License No. 000097381

Qualifying Broker; Orange Beach, Alabama
Date of Hearing: February 19, 2014

License Revoked

DISPOSITION

The below was found guilty of violating Section 34-27-36(a)(23)a. for having entered a plea of guilty to a felony.



LaShawn D. Anthony

License No. 000100193

Salesperson; Montgomery, Alabama
Date of Hearing: March 20, 2014

Fined \$500 and reprimanded

DISPOSITION

The below was found guilty on Count 1 of violating Section 34-27-36(a)(8)a. and 34-27-36(a)(8)b. for failing to deposit and account for at all times all funds belonging to, or being held for others when a trust account under his control had a negative balance; guilty on Count 2 of violating Section 34-27-36(a)(8)a. and 34-27-36(a)(8)b. for failing to deposit and account for at all times all funds belonging to, or being held for others when monies collected as rent payments were not deposited for over a month; and guilty on Count 3 for violating Section 34-27-36(a)(8)a. and 34-27-36(a)(8)b. for failing to deposit and account for at all times funds belonging to, or being held for others when monies in trust for an owner were used to pay for repairs to a property belonging to another owner.

Blake Bassham

License No. 000093887

Salesperson; Birmingham, Alabama
Date of Hearing: March 20, 2014

Count 1 - License revoked
Count 2 - License revoked
Count 3 - Fined \$2,500 and license revoked

DISPOSITION

The below was found guilty of violating Rule 790-X-3-.03(4) through Section 34-27-36(a)(19) for, as an Alabama real estate licensee, becoming a successor qualifying broker without obtaining an accounting of trust funds to come under his control.

William Lloyd Whitworth, Jr.

License No. 000094359

Qualifying Broker; Birmingham, Alabama
Date of Hearing: March 20, 2014

Fined \$500 and reprimanded

DISPOSITION

The below was found guilty on Count 1 of violating Section 34-27-36(a)(19) for failing to notify the Commission of the disposition of a civil action involving a real estate transaction as required under Section 34-27-31(j) and guilty on Count 2 of violating Section 34-27-36(a)(23)b. for having a final money judgment rendered against him in a real estate transaction.

Jeffrey J. Silverman

License No. 000044579-3

Qualifying Broker; Montgomery, Alabama
Date of Hearing: April 23, 2014

Count 1 - Fined \$2,500

Count 2 - Fined \$2,500

DISPOSITION

The below **surrendered their licenses** for alleged license law violations in lieu of a formal complaint and hearing.

Daron Bolen

License No. 000092189

Associate Broker; Jackson, Alabama
Date of Hearing: April 23, 2014

Alonzo L. McCants

License No. 000073678

Associate Broker; Mobile, Alabama
Date of Hearing: May 22, 2014

Ralph J. Wright

License No. 000040953

Associate Broker; Enterprise, Alabama
Date of Hearing: May 22, 2014

Russell T. Emrick

License No. 000090679

Salesperson; Heflin, Alabama
Date of Hearing: July 24, 2014

Cynthia W. Morgan

License No. 000051808

Associate Broker; Dadeville, Alabama
Date of Hearing: July 24, 2014

Lestryet D. Samuels

License No. 000087636

Salesperson; Mobile, Alabama
Date of Hearing: August 21, 2014

OTHER ADMINISTRATIVE ACTIONS

[February - August 2014]

APPLICATION FOR LICENSURE

Approved	7
Denied	4

DETERMINATION OF ELIGIBILITY

Approved	9
Denied	5

COMPLAINTS AND INQUIRIES HANDLED BY LEGAL AND INVESTIGATIVE STAFF

From Licensees.....	1880
From Public.....	1349
Anonymous/Commission.....	82

Briefly Legal: *Continued from page 5*

you would balance your personal checking account. Take the last month's ending balance, from the bank statement, and add any deposits made since that date and subtract any checks that either have been written since the date on the last bank statement or checks previously written that have not been paid by their bank. This number is the reconciled bank balance and should reflect the actual amount of money being held in trust. One thing to keep in mind is that the qualifying broker should always look at the actual bank statement to confirm that the ending bank balance is accurate and to examine the account for anything out of order such as bounced checks or other irregularities such as a check made out to persons other than owners, tenants or closing agents.

The other number that needs to be calculated is the amount of trust funds that should be on hand. This number can be calculated

from either pending transaction files for sales or rent and security deposit rolls for property management. For sales transactions, a qualifying broker or staff member can simply add up the earnest money amounts that the company is holding from pending transactions files. Property management security deposits and rents collected but not forwarded on to owners can be added up to calculate the amounts that should be held in trust. This part of the job, for property management situations, can be automated with a properly operated property management computer program or spreadsheet. The amount of trust funds on hand and the reconciled bank balance should be compared to look for shortages or excessive overages.

These are just two of the topics that I often discuss with new qualifying brokers, but these are also a key to remaining within the requirements of license law and properly operating a real estate brokerage company.



TECHNOLOGICALLY SPEAKING

By Steven Brown, IT Systems Associate

KEEPING YOURSELF ORGANIZED

If you're like me, you're often scrambling to find a few extra minutes at the end of most workdays to get something finished that you've let slip your mind. One minute you're packing up for the day and the next, you're wondering how you forgot to write that tech article for *The Update* newsletter that's due RIGHT NOW! Thankfully, most of your gadgets have tools to help you stay on track. By following a few easy steps; you'll be on the way to being (a little more) organized.

STEP ONE

Use an electronic calendar that syncs between your devices:

This can be an exchange calendar set up by your company or a simple Google or iCloud calendar. You want something that you can use to add dates and events. The nice thing about having one universal, electronic calendar is you'll most likely have it with you wherever you go. If you add a meeting on your work computer; it'll automatically show up on your phone as well.

STEP TWO Create a To-Do List:

Being someone that isn't inherently organized; I need something to remind me that there are tasks waiting to be accomplished. I use the tasks list in Outlook and that syncs to my Reminders app on my iPhone. Another option is to simply create check lists that you can mark off as you accomplish a task. I've even seen offices filled with numerous Post-It type notes. However, while Post-It notes seem to work for some; I've found that after they've been on my desk for a day or so they tend to just start looking like decorations and I stop paying attention to them, so make sure you choose a method that works for you and you'll stick with it.

STEP THREE

Begin and end the work day evaluating your tasks:

While this step may seem like a "no-brainer," often we forget to focus on what we should be doing. We live in a world of constant distractions. *Ding* That was an email notifying you about an airline deal. *Ding* That was a friend sending you pictures of their cat doing something funny. *Ding* That was a fender-bender that happened in the parking lot of your office. Considering how many distractions that we face on an hourly basis, it's no small feat that we get anything accomplished. The way to combat this is to look at your calendar and to-do list every morning and ask yourself, "What do I need to accomplish today?" Not tomorrow, not this week, but TODAY. By doing this daily, you'll be able to set your own agenda and prioritize your schedule. Then, at the end of the day, you'll need to ask yourself, "What did I accomplish today?" Doing this will let you see everything that you've done. You'll feel better about your work and it will help you from feeling like you've been just spinning your wheels all day. A sense of accomplishment goes a long way when it comes to job satisfaction.



THE UPDATE

ALABAMA REAL ESTATE

COMMISSION

EMPOWER, CONNECT, AND EDUCATE



EMPOWER Empowering the real estate professional and the consumer.



CONNECT Connecting the real estate professional and consumer to the resources they need.



EDUCATE Educating the real estate professional and the consumer.

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THE UPDATE

is published for the benefit of the Alabama Real Estate Industry by the Alabama Real Estate Commission.

COMMISSION MEETINGS OPEN TO THE PUBLIC

All Commission meetings are open to the public and that includes real estate licensees. Commissioners welcome and encourage attendance and observation by any licensee in any location. Locations, dates, and times can be found on the Commission's website at arec.alabama.gov.

REAL ESTATE LICENSES EXPIRE SEPTEMBER 30, 2016

Remember to renew all broker, salesperson, and company licenses in every even-numbered year.

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LICENSE UPDATE

As of October 3, 2014

■ Total Salespersons Renewed (including Reciprocal)	12,973
Active	7897
Inactive	5076
■ Total Brokers Renewed (including Reciprocal)	7732
Active	6146
Inactive	1586
■ Total Companies/Branches Renewed	3557
Active	3543
Inactive	14
■ Total Temporary Licensees	711
Active	572
Inactive	139

NOTE: Temporary licensees are not required to renew their licenses.

TOTAL LICENSES **24,973**