



Final Renewal Deadline for 2013-2014 License ... **SEPTEMBER 30, 2013**

By Anthony Griffin, Licensing Administrator

For licensees who have not renewed
their license for the 2013-2014
current license period, **it's not too late!**

The majority of the 30,000 plus licensees in Alabama have already renewed their licenses for the 2013-2014 license period. However, if you are among the 4,600 plus licensees yet to renew, there is still time for you to renew your expired license and keep it from lapsing.

Real Estate License Law allows an expired license (one that was not renewed by September 30 of each even year) to be renewed during the 12-month period following the license renewal for which the license was current. An expired license can be renewed by paying the license renewal fees plus the \$150 penalty fee by midnight **September 30, 2013**. Failure to renew by midnight September 30, 2013 will mean that the license has lapsed. If your license lapses and you desire to engage in activities in the future that require a real estate license, you will be subject to complet-

ing all requirements applicable to persons who have never been licensed. Therefore, if there is a possibility of a real estate career in your future, you do not want to let your license lapse!

The quick and easy way to renew a salesperson or broker license is online at **arec.alabama.gov**. On the Commission website, click *Online Services Login* and enter your personal information. Verify your contact information and if anything is incorrect please update it. From the menu of services at the bottom select *License Renewal* and follow the prompts. You can pay by eCheck or credit card and receive an immediate confirmation of your payment. For an inactive company license, a renewal form must be mailed to the Commission office. An inactive company license cannot be renewed online.

If you wish to renew by mail you should

have received a final license renewal form. If you need a form, please contact the Commission office. All renewal forms and fees must be postmarked by the United States Postal Service no later than **September 30, 2013**. We cannot accept a renewal form postmarked October 1, 2013.

(See related article on page 2.)



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DON'T PANIC IF YOU HAVE ALREADY RENEWED!

If your current license status is active or if you already renewed your inactive license and the expiration date of your license is **September 30, 2014** this final renewal deadline does not apply to you.

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Obtaining an Active License After Renewing an Expired License

Once you renew an expired license it is important to remember that if you wish to activate that license it will require a separate activation process and fee. First you must complete the required 15 hours of continuing education. Your instructor will electronically transmit your credit to the Commission. Once your credit has been received you can activate the license through the Commission's website under *Online Services Login*. Just choose *Transfer/Activate* from the menu of services. The fee to activate a license is \$25 or you can activate your license by mailing a completed Activation Form with the \$25 activation fee to the Commission office. The Activation Form can be obtained from the Commission's website under *Forms*. As a reminder, company and qualifying broker licenses cannot be activated online. Those activation forms must be mailed to the Commission office.

If you wish to remain inactive after renewing your license, do nothing and enjoy the peace of mind that the license is in good standing until **September 30, 2014**. By keeping your contact information up-to-date, the Commission can send notices to remind you of the next renewal deadline.

If you know licensees who have not renewed their license for the 2013-2014 period, please let them know about the September 30, 2013 final deadline.

By Ryan Adair, Education Director

Revised Continuing Education Requirements Reminder

In case you have not heard, CE requirements for license activation and renewal have changed. All qualifying brokers are encouraged to share these revisions with licensees to make sure everyone understands.

Previously, all licensees taking courses in Alabama have been required to complete a three-hour course in Risk Management and 12 additional hours of approved courses. License activation and/or renewal now require six hours of Risk Management and nine hours of other approved courses.

An easy way to remember the new Risk Management requirements is to recognize the icons representing the coursework. You will see the icons with either a 1 or a 2 identifying the level of the coursework. **All licensees must have both Level 1 and Level 2 in their CE record in order to activate a 2013-2014 license for the first time or earn credit to renew a 2015-2016 license.**



Level 1 for Risk Management includes the *Risk Management: Avoiding Violations* course which is **required for all licensees**... both salespersons and brokers.



Level 2 for Risk Management includes the *Risk Management for Brokers* course which is **required for all brokers**... associate and qualifying.



Level 2 for Risk Management also includes the *Risk Management for Salespersons* course or an industry-specific Risk Management course approved by the Commission.

IMPORTANT: All licensees who complete the 15 hours of CE to activate their 2013-2014 license must take another 15 hours (including the new Risk Management courses) by September 30, 2014 in order to renew a license on active status for the next license period. **Rule 790-X-2-.13** of License Law was recently amended to explain the activation of inactive licenses and the CE required afterward.

Do You Prefer to Take Courses in a Classroom or Online?



The changing generations result in different views and preferences. Those of you who have raised or are raising children may have recognized these differences. For example, how many licensees have young children who are more advanced in technology than they are? This has become a fact of life. There is actually a fear that younger licensees will prefer doing everything online (distance education) instead of actually attending classroom offerings, leading to the slow decline of courses offered in a classroom setting. Will this actually happen?

The following charts were prepared for the commissioners of the Alabama Real Estate Commission due to a special request for information. This is worth sharing to provide information to licensees regarding the availability of courses. Look at the following charts to see statistics from the last license period and current statistics through the end of May for the current 2013-2014 license period. This is a nice picture of where Alabama license applicants and licensees are choosing to satisfy education requirements.

2011-2012 License Period (10/01/2010 to 09/30/2012)

Course Type	Classroom	%	Distance Education	%	Total
Salesperson Prelicense	1,030	50.0	1,028	50.0	2,058
Broker Prelicense	101	27.4	268	72.6	369
Post License	399	32.2	841	67.8	1,240
Reciprocal Salesperson Prelicense	54	19.3	226	80.7	280
Reciprocal Broker Prelicense	34	16.7	169	83.3	203
Risk Management	8,660	66.7	4,331	33.3	12,991
Elective CE	34,367	68.7	15,645	31.3	50,012
All Courses	44,645	66.5	22,508	33.5	67,153

2013-2014 License Period (10/01/2012 to 05/31/2013)

Course Type	Classroom	%	Distance Education	%	Total
Salesperson Prelicense	381	45.1	463	54.9	844
Broker Prelicense	23	29.5	55	70.5	78
Post License	147	50.5	144	49.5	291
Reciprocal Salesperson Prelicense	10	11.6	76	88.4	86
Reciprocal Broker Prelicense	4	6.0	62	94.0	66
<i>Risk Management: That Delicate Balance*</i>	9	3.9	221	96.1	230
<i>Risk Management: Avoiding Violations (Level 1)</i>	376	70.9	154	29.1	530
<i>Risk Management for Brokers (Level 2)</i>	238	77.3	70	22.7	308
<i>Risk Management for Salespersons (Level 2)</i>	102	55.1	83	44.9	185
Elective CE	4,424	74.2	1,537	25.8	5,961
All Courses	5,714	66.6	2,865	33.4	8,579

**Risk Management: That Delicate Balance* was approved by commissioners to be offered through December 31, 2012 since the new Risk Management courses were still being developed by distance education providers and classroom instructors. That is the reason for the inclusion and the small numbers in the 2013-2014 license period.



THE BASICS OF CLOSING A LICENSED COMPANY

I recently had an interesting conversation with a licensee. She said that there is lots of information in license law and legal articles about getting licensed and keeping and maintaining a real estate license, but there is very little information about closing a company or retiring from licensed activity. I had to agree with her and I will address some of these issues here.

There is really only one administrative rule that directly addresses a situation that needs to be considered when a licensed company closes down and, as usual, it deals with one of the most important areas of license law: trust funds. Rule 790-X-3-.03(4) states that in cases where there is a successor qualifying broker to provide brokerage services to a consumer or client, the first broker shall provide a complete accounting of the trust funds and shall transfer the funds to the successor broker. This section covers the obvious situation where licensed activities are being provided and for some reason or other those services are being passed off to another qualifying broker. The handoff requirement would not only apply to cases where a new qualifying broker comes into a company, but also when a company is in the process of shutting down or sells to another company.

Remember that during the closing of a company there are also other issues to consider. Due to delays in the closing process, a company may find itself wanting to complete the process of ending its licensing status but may still have pending transactions waiting to close. This does not necessarily mean that the company is forced to stay actively licensed with a qualifying broker in place. Section 34-27-30 defines the activities for which an active Alabama real estate license is required.

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The shortened version of this section is that in order to receive compensation for showing, negotiating or attempting to negotiate, listing, and procuring prospects for the sale, lease or rental of real property located in Alabama any entity or individual must have an active Alabama real estate license. The law only requires that an active license be held in order to be paid for licensed activity. This means that a licensee can still receive payment without an active license if they were licensed at the time the compensation was earned. Therefore, a company that is not currently licensed can be paid and can disburse funds that were earned prior to the change in license status to former licensees. However, if the former licensee has transferred or activated with another company,

the new qualifying broker may need to participate in the payment from the old company to the former licensee.

Another situation to consider is if the company goes inactive while there is still a pending transaction and someone involved with the pending transaction comes back to the now unlicensed company and needs additional licensed activity or services on this transaction. The now unlicensed company cannot do any of the activities previously listed from Section 30 of License Law. The company will need to send the business to an active licensee under another company with a qualifying broker to perform those services. At this point, the prior obligations discussed under the administrative rule regarding trust funds will need to take place if the company is holding any trust funds in the pending transaction.

The last major issue involving a company closing has to do with file retention and maintenance. In the case of a company closing down, the last qualifying broker may be left holding the bag. There are several places where license law requires licensees to maintain records of real estate transactions and financial records for three years. We usually look to the qualifying broker for these records. If you are the last qualifying broker for a company that closes without a successor company acquiring the business, then the Commission will expect you to retain any records that are required to be kept during the three-year retention period.

Please remember that this article does not cover all issues with regards to closing a company. If you have additional questions, please do not hesitate to contact the Commission.

OPPORTUNITY

INSIGHT

LEADERSHIP

ACRE Executive Exchange

Friday, August 23, 2013

Time: 8:30 a.m. - 1:30 p.m. Approved for 3 hours CE

Location: Montgomery, Alabama City Hall Auditorium
103 North Perry Street, Montgomery, Alabama 36104

Cost: \$75.00 Includes Keynote Lunch

OPPORTUNITY

- **Affordable Housing Program Incentives** — Federal Home Loan Bank of Atlanta
- **Gulf Coast Opportunities Fund** — Nathan Cox, CEO, Battle Plan Capital
- **New Market & Alabama Historic Tax Credit** — Ed Reifenberg, Warren Averett, LLC

INSIGHTS FROM THE C-SUITE

- Panel of CEOs from Top Alabama Real Estate Companies

LEADERSHIP

- **Keynote Speaker** — Dr. David Bronner, CEO, Retirement Systems of Alabama (RSA)



KEYNOTE SPEAKER:
Dr. David Bronner, RSA

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Not If... But When?



If there is one thing that I can be sure of it's that every hard drive ever made will eventually fail. From the drive in your desktop computer, to your laptop, to the flash storage in your iPad, to your thumb drive that you carry around on your keychain; given enough time they all will cease to work.

I'm sure it's happened to you already. You've got that presentation that you need to give, you spend hours perfecting every slide, and you plug in your thumb drive and... nothing. It's a sinking feeling in your gut. I know; I've been there. We've all been there. Now imagine if that was your home computer with years' worth of pictures, tax records... everything. These days our entire lives are digital and we trust all of it to a few magnetic platters that are read by static electricity. Pretty scary stuff if you ask me.

The only thing you can do to mitigate the risk of hard drive failure is to have a backup. Most operating systems have a way to back up your data built-in. All you need is a device to store your backups on. That device can be an external hard drive, flash drive, or a host of other options. Another great option is cloud storage. There are some great companies out there that offer online incremental backups so that when your computer crashes everything is already backed up and ready to be restored.

If you don't want to back up everything you can also use a service that offers online storage for smaller backups. Products like DropBox and Google Drive allow you to save your data in "the cloud" and access it from almost anywhere through a web browser. Storage size is limited with these services, so I wouldn't suggest using them for a full backup option. However, for moving certain files here that you may want to access elsewhere it is a great tool.

When you have a storage drive failure it can be an utter and complete disaster — or a minor inconvenience. It all depends on if you have a solid backup plan.

There's a famous quote that has been attributed to almost everyone from Ben Franklin to Mark Twain, "The only two certainties in life are death and taxes." While that may be true, if those men had only lived a couple hundred years later, they could have added one more thing to that list: hard drive failure.



DISPOSITION

The below were found guilty of violating Section 34-27-36(a)(16) by 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.

Latanatha T. Maddox

License No. 000099242

Salesperson; Trussville, Alabama

Date of Hearing: March 21, 2013

Fined \$250

Jennifer Cleveland Poss

License No. 000095046

Salesperson; Florence, Alabama

Date of Hearing: March 21, 2013

Fined \$250

Tricia Marie Stearns

License No. 0000100090

Associate Broker; Peachtree City, Georgia

Date of Hearing: April 18, 2013

Fined \$250

Yvette Trussell

License No. 000083635

Salesperson; Hoover, Alabama

Date of Hearing: June 11, 2013

Fined \$250 and must pay \$75 fee that was initially due and \$30 returned check fee

DISPOSITION

The below was found guilty of violating Section 34-27-31(e)(6) through Section 34-27-36(a)(19) as the Commission paid from the Recovery Fund an amount in settlement of a claim or toward a satisfaction of a judgment against the licensee; guilty of violating Section 34-27-36(a)(26) for conducting what constitutes or demonstrates dishonest dealings, bad faith, and untrustworthiness in a real estate transaction; and guilty of violating Section 34-27-2(11)(b) through Section 34-27-36(a)(19) for failing to maintain a place of business.

Kenneth E. Harve

License No. 000063570

Associate Broker; Birmingham, Alabama

Date of Hearing: January 24, 2013

License Revoked



DISPOSITION

The below was found guilty of violating Section 34-27-36(a)(26) for conducting what constitutes or demonstrates dishonest dealings, bad faith, and untrustworthiness in a real estate transaction.

Kimberly R. Knowles

License No. 000074366

Qualifying Broker; Mobile, Alabama

Date of Hearing: March 21, 2013

Fined \$2,500 and license suspended. The suspension was stayed pending completion of the Broker Risk Management Course by June 30, 2013.

DISPOSITION

The below was found guilty of violating Section 34-27-30(8) and (9) through Section 34-27-36(a)(19) for procuring or assisting in procuring of prospects for the purpose of effecting the sale, exchange, lease, or rental of real estate in Alabama and for procuring or assisting in the procuring of properties for the purpose of effecting the sale, exchange, lease, or rental of real estate in Alabama and guilty of Section 34-27-30(10) through Section 34-27-36(a)(19) by presenting himself as being able to perform an act for which a license is required.

Allen W. Hawkins, III

Licensing No. 000058379

Salesperson; Birmingham, Alabama

Date of Hearing: April 18, 2013

Fined \$1,000 for violation of Section 34-27-30(8) and (9) and fined \$500 for violation of Section 34-27-30(10).

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 or her qualifying broker.

Efrain Hernandez

License No. 000088476

Salesperson; Enterprise, Alabama

Date of Hearing: April 18, 2013

Fined \$13,500 and license suspended for one year. Prior to Mr. Hernandez activating his license after the suspension, he is to complete Level 1 and Level 2 of the Risk Management courses and the Code of Ethics course as well as have paid the ordered fine.

DISPOSITION

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

Stacey A. Hollis

License No. 000072884

Salesperson; New Brockton, Alabama

Date of Hearing: March 21, 2013

Jeremy Dwayne Shears

License No. 000093013

Qualifying Broker; Birmingham, Alabama

Date of Hearing: May 23, 2013

OTHER ADMINISTRATIVE ACTIONS

APPLICATION FOR LICENSURE

Approved 0
Denied 0

DETERMINATION OF ELIGIBILITY

Approved 4
Denied 2

COMPLAINTS AND INQUIRIES HANDLED BY LEGAL AND INVESTIGATIVE STAFF

From Licensees..... 1177
From Public..... 816
Anonymous/Commission..... 21

THE UPDATE

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THE UPDATE

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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, 2014

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

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